

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Township of Allamuchy Board of Education
Allamuchy, New Jersey**

For the Fiscal Year Ended June 30, 2012

Prepared by

**Township of Allamuchy Board of Education
Finance Department**

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

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Introductory Section

ALLAMUCHY TOWNSHIP BOARD OF EDUCATION
P.O. BOX B
ALLAMUCHY, NJ 07820

October 6, 2012

Mr. Francis Gavin, President
Members of the Board of Education
Allamuchy School District
P.O. Box B
Allamuchy, NJ 07820

Dear Board Members:

The comprehensive annual financial report of the Allamuchy Board of Education for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Allamuchy Board of Education (the "District"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter of 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal controls structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Allamuchy Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups on the District are included in this report. Allamuchy Board of Education is presently comprised of one school and therefore, represents the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 8. These include regular education as well as special education for students with disabilities. The District completed the 2011 - 2012 fiscal year with an enrollment of 440

students, which is 17 students above the previous year's enrollment. The following chart details the changes in student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	440	4.0%
2010-2011	423	9.3%
2009-2010	387	2.9%
2008-2009	376	3.2%
2007-2008	364	1.0%
2006-2007	360	1.0%
2005-2006	356	5.0%

1. **ECONOMIC CONDITION AND OUTLOOK:** The Allamuchy area is developing at a faster rate than was experienced in the last decade due to a housing development that is now phasing down. This has resulted in an increase in the tax base. At this time, while construction start and completions are expected to lessen, the Allamuchy area will continue to prosper. A smaller increase in ratables from 2011 to 2012 proves this.

2. **MAJOR INITIATIVES:** Student Achievement and Growth continues to be the major focus of activities within the District. Professional staff has worked hard to review and revise curriculum to align to the Common Core Curriculum Standards. State assessment results in grades 3-8 are utilized to strengthen both program offerings and teaching strategies. To support that effort, computerized assessment programs such as Successmaker have been purchased and installed and staff have received professional development. Extended block scheduling allows for 400 minutes of math/per week and language arts in all grades. School wide enrichment activities are geared to reach all students and are supplemented by an active after school program, which expands every school year. Of particular note is our commitment to activities outside the traditional classroom, emphasizing authentic and inquiry based learning. Transportation is provided to all students and for all activities, including summer enrichment programs and extra curricular clubs and sports. Professional staff development is stressed and Allamuchy has a relationship with Centenary College as a Professional Development School. Staff and students have access to one of the most beautiful natural resource areas in the state. We have been named one of only ten districts in the state to participate in the NJ Green Schools Leadership Initiative. Our focus on Parental Involvement through the Johns Hopkins University model further strengthens our content delivery. During the year the administration and staff made a major effort in the area of environmental education utilizing the unique and rich environment surrounding the property of the Mountain Villa School. These initiatives include fishing, kayaking, hiking and team building. Students utilize technology in the form of video field guides for content enrichment, i-pads and other state of the art technologies. All district classrooms are equipped with video projectors and SmartBoards and the district remains committed to supporting cutting edge technology to benefit our students.

- 3. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

- 4. BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as expropriations of fund balance in the subsequent year. Those amounts to be expropriated are reported as reservations of fund balance at June 30, 2011.

- 5. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

- 6. DEBT ADMINISTRATION:** As of June 30, 2012, the District's outstanding debt was \$10,984,874.90. This includes a \$10.4 million bond secured for the renovation/construction of the Villa Madonna property and a COPS refinanced on August 29, 2009 with an issue price of \$1,732,223.74. The Mountain Villa School houses the preschool through grade 1 classes.

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive / collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered certified municipal accountants. The accounting firm of T.M. Vrabel & Associates, LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.

The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Allamuchy Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support of the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business and administrative staff.

Respectfully submitted,



Dr. Timothy Frederiks, Ed.D.
Superintendent



Peter Pearson
School Business Administrator / Board Secretary

Allamuchy Township Board of Education

Auditor

Attorney

Treasurer of School Monies

Superintendent

Principal

Administrative
Staff

Supervisor of
Special Services

Special Ed/Programs

Aides

School Business Administrator
Board Secretary

Assistant to Board Secretary

Custodians – Bus Drivers

Professional
Staff

TOWNSHIP OF ALLAMUCHY BOARD OF EDUCATION
ALLAMUCHY, NEW JERSEY

ROSTER OF OFFICIALS

as of

June 30, 2012

Board Members

	<u>Term Expires</u>
Francis Gavin – President	2014
James Britt – Vice President	2012
Suzette Costello	2012
William Cramer	2012
Guy D’Esposito	2014
John Egan	2013
Brant Gibbs	2014
Michael Pelletier	2013
Mary Renaud	2013

Other Officials

Dr. Timothy Frederiks, Superintendent
Peter Pearson, School Business Administrator
Donna Trainello, Assistant to Board Secretary
Tina Kay, Administrative Assistant
Betty C. Drake, Treasurer

TOWNSHIP OF ALLAMUCHY BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Audit Firm

T. M. Vrabel & Associates, LLC
P.O. Box 541
Denville, NJ 07834

Attorney

Robert Clark, Labor Relations
Linda Ott, General Council
Barry Marell, Land Transaction
Apruzzese, McDermott, Mastro & Murphy
25 Independence Blvd.
P.O. Box 112
Liberty Corner, NJ 07938

Schwartz Simon Edelstein Celso & Kessler, LLP
44 Whippany Rd.
PO Box 2355
Morristown, NJ 07962

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350 Mount Kemble Ave.
PO Box 1917
Morristown, NJ 07962

TOWNSHIP OF ALLAMUCHY BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
(Continued)

Engineers

Kenneth F. Yudichak
112 East Cherokee Trail
Albrightville, PA 18210

Official Depository

Skylands Community Bank
24-26 Crossroads Center South
Route 517
Hackettstown, NJ 07840

Investors Bank
388 State Rt. 517 West
Washington, NJ 07882

Financial Section

Independent Auditor's Report

T. M. Vrabel & Associates, LLC

Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Allamuchy School District
County of Warren, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Allamuchy School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Allamuchy School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Allamuchy School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2012 on our consideration of the Township of Allamuchy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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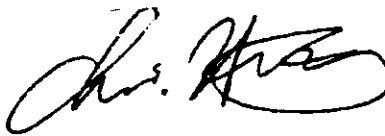
The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Allamuchy School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

September 19, 2012

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is our discussion and analysis of the Allamuchy Township School District financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- Total net assets decreased by \$4,516,000; total liabilities decreased by \$303,000. Capital assets (net of debt) decreased by \$4,551,000 and other assets decreased by \$4,819,000 (Table 1).
- General revenues accounted for \$7.565 million of revenue, or 78.1% of all revenue. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2.116 million or 21.9% of total revenues of \$9.681 million (Table 2).
- The district had \$9.432 million in expenses; only \$2.116 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7.512 million were adequate to provide for these programs (Table 2).
- Total cost of all of the District's programs was \$9.476 million in 2011–2012 compared to \$9.114 million in 2010–2011, which represents a 4.0 percent increase from 2010–2011 primarily from increased student related services and transportation expenditures (Table 3).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: Most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: The District has one proprietary fund as shown on pages 31, 32 and 33.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 29.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's combined net assets changed from a year ago, decreasing from \$5.282 million to .766 million. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Assets (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	480	362	(70)	24	410	386
Capital assets	11,826	16,671	53	51	11,879	16,722
Total assets	12,306	17,033	(17)	75	12,289	17,108
Long-term debt outstanding	11,365	11,656			11,365	11,656
Other liabilities	148	168	10	2	158	170
Total liabilities	11,513	11,824	10	2	11,523	11,826
Net assets:						
Invested in capital assets, net of debt	627	5,180	53	51	680	5,231
Restricted	87	105			87	105
Unrestricted (deficit)	79	(76)	(80)	22	(1)	(54)
Total net assets	793	5,209	(27)	73	766	5,282

Net assets of the district's governmental activities decreased by 84.8 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$155,000. Restricted net assets, those restricted mainly for capital projects decreased by \$18,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category decreased by \$4,553,000 due to an adjustment to the physical appraisal.

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Revenues</u>						
Program revenues:						
Charges for Services	518	545	124	109	642	654
Operating Grants and Contributions	1,439	1,093	35	28	1,474	1,121
General revenues:						
Property Taxes	7,069	6,918			7,069	6,918
Tuition	278	213			278	213
Federal and State Aid	39	75			39	75
Interest and Investment Earnings	5	6			5	6
Other General Revenues	174	58			174	58
Adjustment to Capital Assets	(4,766)	-	-	-	(4,766)	-
Total Revenues:	<u>4,756</u>	<u>8,908</u>	<u>159</u>	<u>137</u>	<u>4,915</u>	<u>9,045</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	2,513	2,491			2,513	2,491
Special	846	744			846	744
Other instruction	157	130			157	130
Support services:						
Tuition	1,579	1,556			1,579	1,556
Student and instruction related services	1,168	1,030			1,168	1,030
School administrative services	358	387			358	387
General and business administrative services	509	341			509	341
Plant operations and maintenance	827	847			827	847
Pupil transportation	729	656			729	656
Interest on long-term debt	486	499			486	499
Business-type activities:						
Food Services	-	-	260	133	260	133
Total Expenses	<u>9,172</u>	<u>8,681</u>	<u>260</u>	<u>133</u>	<u>9,432</u>	<u>8,814</u>
Increase (Decrease) in Net Assets	<u>(4,416)</u>	<u>227</u>	<u>(101)</u>	<u>4</u>	<u>(4,517)</u>	<u>231</u>

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District's operations. Property taxes made up 78.9% of revenues for government activities for the Allamuchy Township School District for fiscal year 2012 and 82.1% for fiscal year 2011. Property tax revenues increased \$137,130, which is a 1.86% increase over the prior year. Federal, state and local grants accounted for another 15.5% of revenue.

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Local Tax Levy	7,512	7,375	1.86%
Tuition Charges	278	213	30.52%
Transportation Fees	75	88	-14.77%
Interest Earned to Investments	5	6	-16.67%
Miscellaneous	182	72	152.78%
Total - Local Sources	8,052	7,754	3.84%
State Sources	1,016	790	28.61%
Federal Sources	455	364	25.00%
Total Revenues	<u>9,523</u>	<u>8,908</u>	6.90%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Current:			
Regular Instruction	1,688	1,638	3.05%
Special education	601	540	11.30%
Other instruction	110	90	22.22%
Support Services and undistributed costs:			
Tuition	1,579	1,556	1.48%
Student and instruction related services	905	770	17.53%
School administrative services	246	260	-5.38%
General and Business administrative services	396	281	40.93%
Plant operations and maintenance	697	741	-5.94%
Pupil transportation	660	540	22.22%
Employee Benefits	1,625	1,631	-0.37%
Capital Outlay	185	287	-35.54%
Debt Service:			
Principal	296	279	6.09%
Interest on long-term debt	488	501	-2.59%
Total Expenditures	<u>9,476</u>	<u>9,114</u>	3.97%

Business-type Activities

The District's only Enterprise Fund is the Food Service Fund. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

Table 4

(\$000 omitted)

	<u>Food Service Fund</u>
Total Assets	-17
Net Assets	-27
Change in Net Assets	-101
Return on Ending Total Assets	594.12%
Return on Ending Net Assets	374.07%

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets****Table 5**

Capital Assets at Year-end
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	2,311	2,311			2,311	2,311
Land Improvements	118	263			118	263
Buildings	10,441	6,035			10,441	6,035
Machinery and Equipment	574	1,535	82	74	656	1,609
Construction-in-progress	-	10,060	-	-	-	10,060
Subtotal	13,444	20,204	82	74	13,526	20,278
Accumulated Depreciation	(1,618)	(3,533)	(28)	(23)	(1,646)	(3,556)
Totals	<u>11,826</u>	<u>16,671</u>	<u>54</u>	<u>51</u>	<u>11,880</u>	<u>16,722</u>

The District's 2012-2013 capital budget anticipates a spending level of \$166,386 . The District's capital assets are presented in Note III:C. to the basic financial statements.

DEBT

At year – end the District had total debt of \$10,688,000 outstanding versus \$10,985,000 last year – a decrease of 2.7 percent – as shown in Table 6.

Outstanding Debt, at year –end (in thousands)
Table 6

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Serial Bonds	10,180	10,240
Loans	-	-
Lease Purchase Agreement	508	745
Temporary Notes	-	-
Authorized but not Issued	-	-
	<u>10,688</u>	<u>10,985</u>

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

BUDGETS

The significant variances between the originally adopted budget for the year 2011-2012, and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, the State pension payments, which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Allamuchy Township School District, Allamuchy, New Jersey.

BASIC FINANCIAL STATEMENTS

Section A

DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Net Assets
June 30, 2012**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 179,639.51	\$ (73,648.71)	\$ 105,990.80
Receivables, net	166,472.50	1,019.40	167,491.90
Inventory		2,268.59	2,268.59
Restricted assets:			
Cash and cash equivalents	133,805.79		133,805.79
Capital reserve account - cash	1.00		1.00
Capital assets, net (Note III:C.):	<u>11,826,320.68</u>	<u>53,482.10</u>	<u>11,879,802.78</u>
Total Assets	<u>12,306,239.48</u>	<u>(16,878.62)</u>	<u>12,289,360.86</u>
LIABILITIES			
Accounts payable		4,353.27	4,353.27
Interfund payable		4,314.45	4,314.45
Bond interest payable	137,334.50		137,334.50
Deferred revenue	7,000.00	1,510.43	8,510.43
Other	3,698.87		3,698.87
Noncurrent liabilities (Note IV:B.):			
Due within one year	423,597.20		423,597.20
Due beyond one year	<u>10,941,649.15</u>	<u>-</u>	<u>10,941,649.15</u>
Total liabilities	<u>11,513,279.72</u>	<u>10,178.15</u>	<u>11,523,457.87</u>
NET ASSETS			
Invested in capital assets, net of related debt	627,200.85	53,482.10	680,682.95
Restricted for:			
Capital projects	59,634.02		59,634.02
Debt service	(137,334.54)		(137,334.54)
Other purposes	164,142.56		164,142.56
Unrestricted	<u>79,316.87</u>	<u>(80,538.87)</u>	<u>(1,222.00)</u>
Total Net Assets	<u>\$ 792,959.76</u>	<u>\$ (27,056.77)</u>	<u>\$ 765,902.99</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ 2,513,182.78		\$ 232,582.55		\$ (2,280,600.23)	\$ (2,280,600.23)
Special education	846,033.02		353,576.19		(492,456.83)	(492,456.83)
Other instruction	157,301.78		11,954.90		(145,346.88)	(145,346.88)
Support services:						
Tuition	1,579,085.74		139,931.99		(1,439,153.75)	(1,439,153.75)
Student and instruction related services	1,167,960.51		353,072.00		(814,888.51)	(814,888.51)
School administrative services	357,590.69		26,556.17		(331,034.52)	(331,034.52)
General and business administrative services	508,877.78		22,737.92		(486,139.86)	(486,139.86)
Plant operations and maintenance	827,108.27		27,013.35		(800,094.92)	(800,094.92)
Pupil transportation	729,375.32	74,655.00	229,380.50		(425,339.82)	(425,339.82)
Interest on long-term debt	486,019.42	443,448.42	42,571.00		-	-
Total governmental activities	9,172,535.31	518,103.42	1,439,376.57		(7,215,055.32)	(7,215,055.32)
Business-type activities:						
Food Service	149,223.12	118,281.99	35,424.24		-	4,483.11
Rutherford Hall	111,106.00	6,007.35	-		-	(105,098.65)
Total business-type activities	260,329.12	124,289.34	35,424.24		-	(100,615.54)
Total primary government	\$ 9,432,864.43	\$ 642,392.76	\$ 1,474,800.81		\$ (7,215,055.32)	\$ (7,315,670.86)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					\$ 6,769,586.00	\$ 6,769,586.00
Property taxes, levied for debt service principal					298,972.58	298,972.58
Federal and State aid not restricted					39,308.87	39,308.87
Tuition (other than special schools)					277,976.20	277,976.20
Investment Earnings					5,335.50	5,402.97
Miscellaneous Income					174,411.18	174,411.18
Adjustment to Capital Assets					(4,765,748.16)	(4,765,748.16)
Debt Service Assessment					(645.00)	(645.00)
Total general revenues, special items, extraordinary items and transfers					2,799,197.17	2,799,264.64
Change in Net Assets					(4,415,858.15)	(4,516,406.22)
Net Assets—beginning					5,208,817.91	5,282,309.21
Net Assets—ending					\$ 792,959.76	\$ 765,902.99

The accompanying Notes to Financial Statements are an integral part of this statement.

Section B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 201,865.26	\$ (22,225.71)	\$ 133,805.79	\$ (0.04)	\$ 313,445.30
Interfunds receivable	4,314.45				4,314.45
Receivables from other governments	108,525.73	15,836.64			124,362.37
Tuition receivable	11,372.06				11,372.06
Transportation fees receivable	3,115.00				3,115.00
Other	9,919.55	13,389.07			23,308.62
Restricted cash and cash equivalents	1.00	-	-	-	1.00
Total Assets	\$ 339,113.05	\$ 7,000.00	\$ 133,805.79	\$ (0.04)	\$ 479,918.80
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred revenue	\$ -	\$ 7,000.00	\$ -	\$ -	\$ 7,000.00
Other	3,698.87	-			3,698.87
Total Liabilities	3,698.87	7,000.00			10,698.87
Fund Balances:					
Restricted for:					
Capital Reserve Account	1.00				1.00
Capital Projects			59,633.02		59,633.02
Debt Service				(0.04)	(0.04)
Assigned to:					
Other Purposes	89,969.79		74,172.77		164,142.56
Unassigned	245,443.39		-	-	245,443.39
Total Fund Balances	335,414.18	-	133,805.79	(0.04)	469,219.93
Total Liabilities and Fund Balances	\$ 339,113.05	\$ 7,000.00	\$ 133,805.79	\$ (0.04)	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Adjustment to Debt Service Fund net assets for the accrual of interest expense. (137,334.50)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,443,901.79 and the accumulated depreciation is \$1,617,581.11. 11,826,320.68

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note IV:B.) (11,365,246.35)

Net assets of governmental activities \$ 792,959.76

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 6,769,586.00	\$ -	\$ -	\$ 742,421.00	\$ 7,512,007.00
Tuition charges	277,976.20				277,976.20
Transportation fees	74,855.00				74,855.00
Interest earned on investments	5,335.50				5,335.50
Miscellaneous	174,411.18	7,665.00	-	-	182,076.18
Total - Local Sources	7,301,963.88	7,665.00	-	742,421.00	8,052,049.88
State sources	973,687.21			42,571.00	1,016,258.21
Federal sources	734.00	454,028.23	-	-	454,762.23
Total Revenues	8,276,385.09	461,693.23	-	784,992.00	9,523,070.32
EXPENDITURES					
Current:					
Regular instruction	1,627,463.27	60,248.78			1,687,712.05
Special education instruction	497,124.56	103,980.00			601,104.56
Other instruction	109,606.44				109,606.44
Support services and undistributed costs:					
Tuition	1,579,085.74				1,579,085.74
Student and instruction related services	624,507.15	280,899.80			905,406.95
School administrative services	246,068.14				246,068.14
General and business administrative services	395,729.54				395,729.54
Plant operations and maintenance	696,799.21				696,799.21
Pupil transportation	659,759.86				659,759.86
Unallocated benefits	1,608,398.95	16,564.65			1,624,963.60
Capital outlay	210,519.79		(25,761.16)		184,758.63
Debt service:					
Principal				296,455.43	296,455.43
Interest and other charges	-	-	-	488,536.59	488,536.59
Total Expenditures	8,255,062.65	461,693.23	(25,761.16)	784,992.02	9,475,986.74
Excess (Deficiency) of revenues over expenditures	21,322.44	-	25,761.16	(0.02)	47,083.58
OTHER FINANCING SOURCES AND (USES)					
Capital leases (non-budgeted)	89,235.00				89,235.00
Debt Service Assessment	(645.00)				(645.00)
Total Other Financing Sources and (Uses)	88,590.00	-	-	-	88,590.00
Net change in fund balances	109,912.44	-	25,761.16	(0.02)	135,673.58
Fund Balance—July 1	225,501.74	-	108,044.63	(0.02)	333,546.35
Fund Balance—June 30	\$ 335,414.18	\$ -	\$ 133,805.79	\$ (0.04)	\$ 469,219.93

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) 135,673.58

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)

Interest paid	488,536.59	
Interest accrued	<u>(486,019.42)</u>	
		2,517.17

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(264,186.98)	
Capital outlays (exclusive of capital lease principal payments)	<u>184,758.63</u>	
		(79,428.35)

Adjustment to Capital Assets in accordance with physical appraisal (4,765,748.16)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+). (12,059.91)

Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	296,455.43	
Capital lease principal	85,358.09	
Unfunded Pension Liability (ERIP)	10,609.00	

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt		
Capital lease proceeds		(89,235.00)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

Change in net assets of governmental activities (4,415,858.15)

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Rutherford Hall</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 31,449.94	\$ (105,098.65)	\$ (73,648.71)
Accounts receivable	1,019.40		1,019.40
Inventories	2,268.59	-	2,268.59
Total Current Assets	<u>34,737.93</u>	<u>(105,098.65)</u>	<u>(70,360.72)</u>
Noncurrent assets:			
Furniture, machinery and equipment	81,580.84		81,580.84
Less accumulated depreciation	<u>(28,098.74)</u>		<u>(28,098.74)</u>
Total Noncurrent Assets	<u>53,482.10</u>	<u>-</u>	<u>53,482.10</u>
Total Assets	<u>88,220.03</u>	<u>(105,098.65)</u>	<u>(16,878.62)</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	4,353.27		4,353.27
Interfund payable	4,314.45		4,314.45
Deferred revenue	<u>1,510.43</u>		<u>1,510.43</u>
Total Current Liabilities	<u>10,178.15</u>		<u>10,178.15</u>
NET ASSETS			
Invested in capital assets, net of related debt	53,482.10		53,482.10
Unrestricted	<u>24,559.78</u>	<u>(105,098.65)</u>	<u>(80,538.87)</u>
Total Net Assets	<u>\$ 78,041.88</u>	<u>\$ (105,098.65)</u>	<u>\$ (27,056.77)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Food Service	Rutherford Hall	Totals
Operating Revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 81,467.75	\$ -	\$ 81,467.75
Daily sales - non-reimbursable programs	36,814.24		36,814.24
Program fees	-	6,007.35	6,007.35
Total Operating Revenues	<u>118,281.99</u>	<u>6,007.35</u>	<u>124,289.34</u>
Operating Expenses:			
Cost of sales	78,881.17		78,881.17
Salaries	36,546.17	29,349.47	65,895.64
Employee benefits	9,197.60		9,197.60
Management Fee	6,695.00		6,695.00
Cleaning, repair and maintenance services	6,557.41	49,626.15	56,183.56
Other purchased services	1,893.90	24,164.50	26,058.40
General supplies	4,515.81	7,965.88	12,481.69
Depreciation	4,936.06	-	4,936.06
Total Operating Expenses	<u>149,223.12</u>	<u>111,106.00</u>	<u>260,329.12</u>
Operating Income (Loss)	<u>(30,941.13)</u>	<u>(105,098.65)</u>	<u>(136,039.78)</u>
Nonoperating Revenues (Expenses):			
State sources:			
State school lunch program	1,567.40		1,567.40
Federal sources:			
National school lunch program	22,363.10		22,363.10
Food distribution program	11,493.74		11,493.74
Interest and investment revenue	67.47		67.47
Total Nonoperating Revenues (Expenses)	<u>35,491.71</u>	<u>-</u>	<u>35,491.71</u>
Income (loss) before contributions and transfers	<u>4,550.58</u>	<u>(105,098.65)</u>	<u>(100,548.07)</u>
Capital contributions and transfers	-		-
Change in net assets	<u>4,550.58</u>	<u>(105,098.65)</u>	<u>(100,548.07)</u>
Total Net Assets—Beginning	<u>73,491.30</u>	<u>-</u>	<u>73,491.30</u>
Total Net Assets—Ending	<u>\$ 78,041.88</u>	<u>\$ (105,098.65)</u>	<u>\$ (27,056.77)</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Food Service	Rutherford Hall	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 122,370.05	\$ 6,007.35	\$ 128,377.40
Payments to employees	(36,546.17)	(29,349.47)	(65,895.64)
Payments for employee benefits	(9,197.60)	-	(9,197.60)
Payments to suppliers	(91,120.88)	(81,756.53)	(172,877.41)
Net cash provided by (used for) operating activities	(14,494.60)	(105,098.65)	(119,593.25)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,567.40		1,567.40
Federal Sources	33,856.84		33,856.84
Net cash provided by (used for) non-capital financing activities	35,424.24		35,424.24
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(7,162.16)		(7,162.16)
Net cash provided by (used for) capital and related financing activities	(7,162.16)		(7,162.16)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	67.47		67.47
Net cash provided by (used for) investing activities	67.47	-	67.47
Net increase (decrease) in cash and cash equivalents	13,834.95	(105,098.65)	(91,263.70)
Balances—beginning of year	17,614.99	-	17,614.99
Balances—end of year	\$ 31,449.94	\$ (105,098.65)	\$ (73,648.71)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (30,941.13)	\$ (105,098.65)	\$ (136,039.78)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	4,936.06		4,936.06
(Increase) decrease in accounts receivable, net	3,908.82		3,908.82
(Increase) decrease in inventories	(492.46)		(492.46)
Increase (decrease) in accounts payable	7,914.87		7,914.87
Increase (decrease) in deferred revenue	179.24		179.24
Total adjustments	16,446.53	-	16,446.53
Net cash provided by (used for) operating activities	\$ (14,494.60)	\$ (105,098.65)	\$ (119,593.25)

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 5,366.96	\$ 138,145.57
Total Assets	<u>\$ 5,366.96</u>	<u>\$ 138,145.57</u>
LIABILITIES		
Payable to student groups		\$ 18,871.90
Payroll deductions and withholdings		<u>119,273.67</u>
Total Liabilities		<u>\$ 138,145.57</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>\$ 5,366.96</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan member	\$ 11,393.66
Board of Education	<u>10,000.00</u>
Total Contributions	<u>21,393.66</u>
Total Additions	<u>21,393.66</u>
DEDUCTIONS	
Unemployment claims	<u>20,297.76</u>
Total Deductions	<u>20,297.76</u>
Change in Net Assets	1,095.90
Net Assets—beginning	<u>4,271.06</u>
 Net Assets—ending	 <u>\$ 5,366.96</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Township of Allamuchy School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Township of Allamuchy School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in Allamuchy. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of additional revenues in amount of \$282,900.00 and prior year encumbrances in the amount of \$137,042.67 were made during the year ended June 30, 2012. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The special revenue fund had no encumbrances at June 30, 2012.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in–first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Assets</u>			<u>Statement of Net Assets Totals</u>
	<u>Total Governmental Funds</u>	<u>Long - term Assets Liabilities (1)</u>	<u>Reclassifications and Eliminations</u>	
<u>Assets</u>				
Cash and cash equivalents	\$ 313,445.30	\$ -	\$ (133,805.79)	\$ 179,639.51
Receivables, net			166,472.50	166,472.50
Interfund Receivables	4,314.45		(4,314.45)	-
Receivables from Other Governments	124,362.37		(124,362.37)	-
Tuition Receivable	11,372.06		(11,372.06)	-
Transportation Fees Receivable	3,115.00		(3,115.00)	-
Other Receivables	23,308.62		(23,308.62)	-
Restricted assets:				
Cash and cash equivalents			133,805.79	133,805.79
Capital Reserve Account - cash	1.00			1.00
Capital Assets, net	-	11,826,320.68	-	11,826,320.68
Total Assets	<u>\$ 479,918.80</u>	<u>\$ 11,826,320.68</u>	<u>\$ -</u>	<u>\$ 12,306,239.48</u>
<u>Liabilities</u>				
Bond Interest Payable	\$ -	\$ -	\$ 137,334.50	\$ 137,334.50
Deferred Revenue	7,000.00			7,000.00
Other	3,698.87			3,698.87
Noncurrent Liabilities	-	11,199,119.83	166,126.52	11,365,246.35
Total Liabilities	<u>10,698.87</u>	<u>11,199,119.83</u>	<u>303,461.02</u>	<u>11,513,279.72</u>
<u>Fund Balances/Net Assets</u>				
<u>Net Assets</u>				
Invested in capital assets, net of related debt		627,200.85		627,200.85
Restricted for:				
Capital projects	59,634.02			59,634.02
Debt Service	(0.04)		(137,334.50)	(137,334.54)
Other purposes	164,142.56			164,142.56
Unrestricted	245,443.39	-	(166,126.52)	79,316.87
Total Fund Balances/Net Assets	<u>469,219.93</u>	<u>627,200.85</u>	<u>(303,461.02)</u>	<u>792,959.76</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$ 479,918.80</u>	<u>\$ 11,826,320.68</u>	<u>\$ -</u>	<u>\$ 12,306,239.48</u>

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 13,443,901.79
Accumulated depreciation	(1,617,581.11)
	<u>\$ 11,826,320.68</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the of net assets.

Serial Bonds	\$ 10,180,000.00
Lease Purchase Agreements	508,419.47
Capital Leases	510,700.36
Unfunded Pension Liability (ERIP)	50,083.00
Compensated Absences	116,043.52
	<u>\$ 11,365,246.35</u>

Adjustment to Debt Service Fund net assets for the accrual of interest expense.

\$ (137,334.50)

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Revenues and Other Sources						
Local Tax Levy	\$ 7,512,007.00	\$ -	\$ -	\$ -	\$ -	\$ 7,512,007.00
Tuition Charges	277,976.20					277,976.20
Transportation Fees	74,655.00					74,655.00
Interest Earned on Investments	5,335.50					5,335.50
Miscellaneous	182,076.18					182,076.18
State Sources	1,016,258.21					1,016,258.21
Federal Sources	454,762.23					454,762.23
Total	9,523,070.32	-	-	-	-	9,523,070.32
Expenditures						
Current:						
Regular instruction	1,687,712.05	-	187,556.30	(19,394.40)	657,308.83	2,513,182.78
Special education	601,104.56		15,132.34	12,061.11	217,735.01	846,033.02
Other instruction	109,606.44				47,695.34	157,301.78
Support Services and undistributed costs:						
Tuition	1,579,085.74					1,579,085.74
Student and instruction related services	905,406.95		4,035.29	475.81	258,042.46	1,167,960.51
School administrative services	246,068.14		9,800.29	(4,226.34)	105,948.60	357,590.69
General and business administrative services	395,729.54		9,800.29	12,632.64	90,715.31	508,877.78
Plant operations and maintenance	696,799.21		12,025.41	10,511.09	107,772.56	827,108.27
Pupil transportation	659,759.86		25,837.06	(85,358.09)	129,136.49	729,375.32
Unallocated Benefits	1,624,963.60			(10,609.00)	(1,614,354.60)	-
Capital Outlay	184,758.63		(184,758.63)			-
Debt Service:						
Principal	296,455.43			(296,455.43)		-
Interest	488,536.59	(2,517.17)	-	-	-	486,019.42
Total	9,475,986.74	(2,517.17)	79,428.35	(380,362.61)	-	9,172,535.31
Other Financing Uses/Changes in Net Assets:						
Adjustment to Capital Assets			(4,765,748.16)			(4,765,748.16)
Capital Leases	89,235.00			(89,235.00)		-
Debt Service Assessment	(645.00)			-		(645.00)
Total	88,590.00	-	(4,765,748.16)	(89,235.00)	-	(4,766,393.16)
Net Change for the Year	\$ 135,673.58	\$ 2,517.17	\$ (4,845,176.51)	\$ 291,127.61	\$ -	\$ (4,415,858.15)

2. In the statement of activities, interest on long - term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliations. (+)

\$ 2,517.17

3. Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (264,186.98)
Capital outlays (exclusive of capital lease payments)	184,758.63
	<u>\$ (79,428.35)</u>

3. Adjustment to Capital Assets in accordance with physical appraisal

\$ (4,765,748.16)

3. In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

\$ -

4. In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

\$ (12,059.91)

Repayment of debt and capital lease principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	296,455.43
Capital lease principal	85,358.09
Unfunded Pension Liability (ERIP)	10,609.00
	<u>\$ 380,362.61</u>

4. Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long - term liabilities in the statement of net assets.

Proceeds of long - term debt	\$ -
Capital lease proceeds	(89,235.00)
	<u>\$ (89,235.00)</u>

5. Allocate Benefits expenditures

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2012 the Township of Allamuchy School District's cash and cash equivalent's amounted to \$507,414.01. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$257,414.01 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2012 the Township of Allamuchy School District had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Township of Allamuchy School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012 none of the Township of Allamuchy School District's cash and cash equivalents of \$507,414.01 was exposed to custodial credit risk.

Uninsured and uncollateralized	\$	-0-
Uninsured and collateral held by public depository or by its' trust department not in the Township of Allamuchy School District name	\$	-0-
	\$	-0-

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Township of Allamuchy School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Allamuchy School District had no investments as described in Note I:G.1 at June 30, 2012.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2012, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ 4,314.45	\$ -0-
Enterprise Fund	<u>-0-</u>	<u>4,314.45</u>
	<u>\$ 4,314.45</u>	<u>\$ 4,314.45</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments or Retirement</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,311,034.00	\$ -	\$ -	\$ 2,311,034.00
Construction in Progress	10,060,487.33	(25,761.16)	(10,034,726.17)	-
Total Capital assets not being depreciated	<u>12,371,521.33</u>	<u>(25,761.16)</u>	<u>(10,034,726.17)</u>	<u>2,311,034.00</u>
Land Improvements	262,737.50		(144,652.50)	118,085.00
Buildings and Improvements	6,035,286.11	60,313.10	4,344,913.89	10,440,513.10
Machinery and Equipment	1,535,137.37	150,206.69	(1,111,074.37)	574,269.69
Totals at historical cost	<u>7,833,160.98</u>	<u>210,519.79</u>	<u>3,089,187.02</u>	<u>11,132,867.79</u>
Less accumulated depreciation for:				
Land Improvements	(34,517.18)	(5,904.25)	13,850.80	(26,570.63)
Buildings and Improvements	(2,657,265.51)	(195,860.26)	1,493,122.51	(1,360,003.26)
Machinery and Equipment	(841,402.43)	(62,422.47)	672,817.68	(231,007.22)
Total accumulated depreciation	<u>(3,533,185.12)</u>	<u>(264,186.98) (1)</u>	<u>2,179,790.99</u>	<u>(1,617,581.11)</u>
Net capital assets being depreciated	<u>4,299,975.86</u>	<u>(53,667.19)</u>	<u>5,268,978.01</u>	<u>9,515,286.68</u>
Governmental activities capital assets, net	<u>\$ 16,671,497.19</u>	<u>\$ (79,428.35)</u>	<u>\$ (4,765,748.16)</u>	<u>\$ 11,826,320.68</u>
Business - type activities:				
Equipment	\$ 74,418.68	\$ 7,162.16	\$ -	\$ 81,580.84
Less accumulated depreciation	<u>(23,162.68)</u>	<u>(4,936.06)</u>	<u>-</u>	<u>(28,098.74)</u>
Business - type activities capital assets, net	<u>\$ 51,256.00</u>	<u>\$ 2,226.10</u>	<u>\$ -</u>	<u>\$ 53,482.10</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 187,556.30
Special Education	15,132.34
Student and Instruction Related Services	4,035.29
School Administrative Services	9,800.29
General and Business Administrative Services	9,800.29
Plant Operations and Maintenance	12,025.41
Pupil Transportation	25,837.06
	<u>\$ 264,186.98</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments for copiers operating leases which expire in 2014. Total operating lease payments made during the year ended June 30, 2012 were \$13,380.00. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2013	\$ 13,380.00
June 30, 2014	10,320.00
June 30, 2015	<u>700.00</u>
Total future minimum lease payments	<u>\$ 24,400.00</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Long - Term debt:					
Serial Bonds	\$ 10,240,000.00	\$ -	\$ (60,000.00)	\$ 10,180,000.00	\$ 60,000.00
Lease Purchase Agreements	<u>744,874.90</u>	<u>-</u>	<u>(236,455.43)</u>	<u>508,419.47</u>	<u>248,415.02</u>
Total debt payable	<u>10,984,874.90</u>	<u>-</u>	<u>(296,455.43) (1)</u>	<u>10,688,419.47</u>	<u>308,415.02</u>
Other liabilities:					
Compensated Absences	103,983.61	12,059.91		116,043.52	-
Unfunded Pension Liability (ERIP)	60,692.00		(10,609.00)	50,083.00	10,609.00
Capital leases	<u>506,823.45</u>	<u>89,235.00</u>	<u>(85,358.09)</u>	<u>510,700.36</u>	<u>104,573.18</u>
Total other liabilities	<u>671,499.06</u>	<u>101,294.91</u>	<u>(95,967.09) (2)</u>	<u>676,826.88</u>	<u>115,182.18</u>
Governmental activities long - term liabilities	<u>\$ 11,656,373.96</u>	<u>\$ 101,294.91</u>	<u>\$ (392,422.52)</u>	<u>\$ 11,365,246.35</u>	<u>\$ 423,597.20</u>

(1) Paid by debt service fund

(2) Paid by general fund

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long - Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Serial Bonds outstanding as of June 30, 2012 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
School Bonds of 2007	Various	03/15	2033	\$10,400,000.00	\$10,180,000.00

Principal and interest due on serial bonds outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2013	\$ 60,000.00	\$ 457,787.50	\$ 517,787.50
2014	65,000.00	455,237.50	520,237.50
2015	65,000.00	452,475.00	517,475.00
2016	365,000.00	449,550.00	814,550.00
2017	380,000.00	433,125.00	813,125.00
2018	400,000.00	416,025.00	816,025.00
2019	415,000.00	398,025.00	813,025.00
2020	435,000.00	379,350.00	814,350.00
2021	460,000.00	359,775.00	819,775.00
2022	480,000.00	339,075.00	819,075.00
2023	505,000.00	317,475.00	822,475.00
2024	525,000.00	294,750.00	819,750.00
2025	550,000.00	271,125.00	821,125.00
2026	580,000.00	246,375.00	826,375.00
2027	605,000.00	220,275.00	825,275.00
2028	635,000.00	193,050.00	828,050.00
2029	665,000.00	164,475.00	829,475.00
2030	695,000.00	134,550.00	829,550.00
2031	730,000.00	103,275.00	833,275.00
2032	765,000.00	70,425.00	835,425.00
2033	<u>800,000.00</u>	<u>36,000.00</u>	<u>836,000.00</u>
	<u>\$10,180,000.00</u>	<u>\$ 6,192,200.00</u>	<u>\$16,372,200.00</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

2. Temporary Notes

There were no temporary notes outstanding as of June 30, 2012.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2012.

4. Capital Leases Payable

The District is leasing buses and a truck totaling \$970,278.00 under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 124,803.35
2014	124,803.35
2015	105,978.39
2016	105,978.39
2017	43,499.00
2018	43,499.00
2019	17,194.00
2020	<u>17,194.00</u>
Total minimum lease payments	582,949.48
Less: Amount representing interest	<u>72,249.12</u>
Present value of net minimum Lease payments	<u>\$ 510,700.36</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

5. Lease Purchase Agreement (COPs)

On May 15, 1994, pursuant to N.J.S.A. 18A:20-4.2(f), the Township of Allamuchy School District (the Lessee) entered into a school building lease purchase agreement with FFL Services Corporation (the Lessor) to finance the construction of an addition and other improvements to its existing facility and the acquisition of certain equipment. The approval was obtained from the Commissioner of Education of the State of New Jersey and the New Jersey Local Finance Board in the Department of Community Affairs on May 10, 1994. The building is located on land owned by the Board of Education that has been leased to FFL Services Corporation pursuant to a ground lease agreement dated May 15, 1994. Certificates of Participation (the Certificates) in the par amount of \$3,290,000.00 were issued and the proceeds together with \$14,646.81 accrued interest and less the Underwriter's and original discount of \$69,774.75 were budgeted as follows:

Project Construction Fund	\$2,725,308.60
Reserve Fund	279,512.20
Cost of Certificate Issuance	147,155.29
Capitalized Interest Fund	<u>82,895.67</u>
	<u>\$3,234,872.06</u>

On August 29, 2006, the outstanding COPS were refinanced through a lease purchase agreement at an issue price of \$1,732,223.74. The following schedule represents the remaining principal and interest due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2013	\$ 248,415.02	\$ 17,289.54	\$ 265,704.56
2014	<u>260,004.45</u>	<u>5,850.10</u>	<u>265,854.55</u>
	<u>\$ 508,419.47</u>	<u>\$ 23,139.64</u>	<u>\$ 531,559.11</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note V: Detailed Disclosure Regarding Fund Equity

A Capital Reserve Account

A capital reserve account was established by the Township of Allamuchy School District Board of Education by inclusion of \$1.00 on October 9, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$1,264,500.00

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS prosecutors Part active member rates increase from 8.5 percent to 10 percent; SPRS active member rates increase from 7.5 percent to 9 percent; and JRS active member rates increase from 3 percent to 12 percent phased-in over seven years. For Fiscal Year 2012, the member contributions for TPAF, PERS and JRS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPF, JRS, and SPRS) is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 5.5 percent for TPAF and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Contribution Requirements (Continued)

During the state fiscal year ended June 30, 2011, for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

Contributions – Actual

The District's total payroll for the year ended June 30, 2012 was \$3,923,651.35 and covered payroll was \$2,340,909.00 for TPAF and \$825,453.00 for PERS. Contributions to the TPAF and the PERS for the years ended June 30, 2010, 2011 and 2012 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/10	\$ 129,422.22	5.53%	\$ 47,083.78	5.70%
	6/30/11	134,921.30	5.69%	45,896.99	5.51%
	6/30/12	129,422.22	5.53%	47,083.47	5.70%
Board of Education	6/30/10	N/A	N/A	60,853.00	7.37%
	6/30/11	N/A	N/A	81,796.00	9.82%
	6/30/12	N/A	N/A	95,562.00	11.58%
State of New Jersey	6/30/10	140,845.00	6.01%	N/A	N/A
	6/30/11	154,623.00	6.52%	N/A	N/A
	6/30/11	227,771.00	9.73%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$175,376.51 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Early Retirement Incentive Programs

Legislation enacted in 1993 provided early retirement incentives for employees in PERS and TPAF who met certain age and service requirements and applied for retirement between certain dates. In PERS and TPAF the early retirement incentives included an additional five years of service credit, as defined, for employees at least age 50 with a minimum of 25 years of service; free health benefits for employees at least 60 years old with at least 20 years of service; an additional \$500 per month for employees at least age 60 with ten but less than 20 years. The Township of Allamuchy School District will assume the increased cost for the early retirement.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note VII: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the state contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

Note VIII: Risk Management

The Township of Allamuchy School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The District is a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost Workers' Compensation, Property Damage, Employer's Liability, Automobile and Equipment Liability, and Boiler and Machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Group and should it be determined that payments received by the Group are deficient, additional assessments may be levied. Additionally, the Fund maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Township of Allamuchy School District continues to carry commercial insurance coverall for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note VIII: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 10,000.00	\$ 11,393.66	\$ 20,297.76	\$ 5,366.96
2010-2011	-0-	6,876.50	8,963.90	4,271.06
2009-2010	-0-	6,645.03	4,253.00	6,538.46

Note IX: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

In accordance with District personnel policy:

Employees with ten (10) or more years of service in the district shall be entitled to reimbursement for accumulated unused sick leave upon retiring from teaching. Employees with twelve (12) or more years of service in the district shall be entitled to reimbursement for accumulated unused sick leave upon resigning from the district. Payment will be based upon sixty-five (65%) percent of the current highest substitute daily rate for the first one hundred and fifty (150) accumulated days and fifty-five (55%) percent for all remaining accumulated days.

All unused sick days shall be accumulated from year to year with no maximum limit.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

Note X: Contingent Liabilities

The Township of Allamuchy School District is not aware of any lawsuits that could have material effect on its financial position

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

Section C
BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:						
Local Sources:						
Local Tax Levy		\$ 6,769,586.00	\$ -	\$ 6,769,586.00	\$ 6,769,586.00	\$ -
Tuition		204,315.00	71,825.00	276,140.00	277,978.20	1,838.20
Transportation Fees		81,878.00	-	81,878.00	74,655.00	(7,223.00)
Interest Earned on Investments		9,500.00	-	9,500.00	5,335.50	(4,164.50)
Miscellaneous		33,488.00	96,441.00	129,929.00	174,411.18	44,482.18
Total - Local Sources		7,098,765.00	168,266.00	7,267,031.00	7,301,963.88	34,932.88
State Sources:						
Categorical Transportation Aid		111,295.00	76,296.00	187,591.00	198,600.00	11,009.00
Categorical Special Education Aid		255,882.00	-	255,882.00	255,882.00	-
Categorical Security Aid		35,354.00	-	35,354.00	35,354.00	-
Extraordinary Aid		-	38,338.00	38,338.00	78,536.00	40,198.00
Non-Public Transportation Aid		-	-	-	12,623.70	12,623.70
Bullying Prevention State Aid Grant		-	-	-	3,147.00	3,147.00
TPAF Pension (On-Behalf - Non-Budgeted)		-	-	-	227,771.00	227,771.00
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	175,376.51	175,376.51
Total State Sources		402,531.00	114,634.00	517,165.00	987,290.21	470,125.21
Federal Sources:						
ARRA Education Jobs Fund		-	-	-	734.00	734.00
Total - Federal Sources		-	-	-	734.00	734.00
Total Revenues		7,501,296.00	282,900.00	7,784,196.00	8,289,988.09	505,792.09
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 193,505.00	\$ (54,886.09)	\$ 138,618.91	\$ 137,920.33	\$ 898.58
Grades 1-5 - Salaries of Teachers	120-100-101	960,209.00	(26,022.36)	934,186.64	833,875.56	311.08
Grades 6-8 - Salaries of Teachers	130-100-101	529,748.00	(10,094.84)	519,653.16	519,652.21	0.95
Regular Programs - Home Instruction:						
Salaries of Teachers	150-100-101	1,500.00	-	1,500.00	700.00	800.00
Purchased Professional-Educational Services	150-100-320	2,000.00	-	2,000.00	280.00	1,720.00
Regular Programs - Undistributed Instruction						
Purchased Technical Services	190-100-340	17,357.00	1,900.00	19,257.00	16,515.00	2,742.00
Other Purchased Services (400-500 series)	190-100-500	22,700.00	12,072.07	34,772.07	34,469.14	302.93
General Supplies	190-100-610	43,516.00	27,071.17	70,587.17	69,072.31	1,514.86
Textbooks	190-100-640	2,000.00	5,102.41	7,102.41	6,951.27	151.14
Other Objects	190-100-800	6,801.00	1,226.45	8,027.45	8,027.45	-
TOTAL REGULAR PROGRAMS - INSTRUCTION		1,679,336.00	(43,431.19)	1,635,904.81	1,627,463.27	8,441.54
SPECIAL EDUCATION - INSTRUCTION						
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	145,363.00	58,169.15	201,532.15	201,531.28	0.87
Other Salaries for Instruction	213-100-106	138,850.00	(9,748.50)	129,101.50	129,100.12	1.38
General Supplies	213-100-610	1,069.00	171.55	1,240.55	1,226.07	14.48
Total Resource Room/Resource Center		285,282.00	48,592.20	331,874.20	331,857.47	16.73
Autism:						
Salaries of Teachers	214-100-101	78,750.00	(12,570.36)	64,179.64	64,148.52	31.12
Other Salaries for Instruction	214-100-106	20,625.00	(19,005.00)	1,620.00	1,620.00	-
Purchased Professional-Educational Services	214-100-320	-	2,483.00	2,483.00	2,480.00	3.00
General Supplies	214-100-610	375.00	1,159.01	1,534.01	1,534.01	-
Total Autism		97,750.00	(27,933.35)	69,816.65	69,782.53	34.12
Preschool Disabilities - Part-Time:						
Salaries of Teachers	215-100-101	38,000.00	34,365.29	72,365.29	72,363.65	1.64
Other Salaries for Instruction	215-100-106	12,599.00	9,893.00	22,492.00	22,491.18	0.82
General Supplies	215-100-610	375.00	300.00	675.00	629.73	45.27
Total Preschool Disabilities - Part-Time		50,974.00	44,558.29	95,532.29	95,484.56	47.73
TOTAL SPECIAL EDUCATION - INSTRUCTION		434,006.00	63,217.14	497,223.14	497,124.56	98.58
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	35,380.00	8,523.00	43,903.00	42,493.71	1,409.29
Total Basic Skills/Remedial - Instruction		35,380.00	8,523.00	43,903.00	42,493.71	1,409.29
School-Spon. Cocurricular Actvts. - Inst.						
Salaries	401-100-100	67,719.00	(1,602.27)	66,116.73	65,116.73	1,000.00
Supplies and Materials	401-100-600	1,000.00	-	1,000.00	800.00	200.00
Total School-Spon. Cocurricular Actvts. - Inst.		68,719.00	(1,602.27)	67,116.73	65,916.73	1,200.00
School-Spon. Athletics - Instruction						
Purchased Services (300-500 series)	402-100-500	1,500.00	-	1,500.00	851.00	649.00
Supplies and Materials	402-100-600	2,000.00	-	2,000.00	345.00	1,655.00
Total School-Spon. Athletics - Instruction		3,500.00	-	3,500.00	1,196.00	2,304.00
Total Instruction		2,220,941.00	26,706.68	2,247,647.68	2,234,194.27	13,453.41

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	000-100-561	\$ 1,147,500.00	\$ -	\$ 1,147,500.00	\$ 1,147,500.00	\$ -
Tuition to Other LEAs Within the State - Special	000-100-562	55,000.00	33,844.62	88,844.62	88,844.62	-
Tuition to County Voc. School Dist. - Regular	000-100-563	7,725.00	-	7,725.00	7,725.00	-
Tuition to County Voc. School Dist. - Special	000-100-564	3,250.00	-	3,250.00	3,250.00	-
Tuition to CSSD & Regional Day Schools	000-100-565	35,500.00	15,081.94	50,581.94	50,153.00	428.94
Tuition to Private Schools for the Disabled - Within State	000-100-566	136,240.00	141,203.55	277,443.55	249,466.28	27,977.27
Tuition to Priv. Sch. Disabled & Other LEAs-Spl. O/S	000-100-567	15,000.00	(12,925.23)	2,074.77	-	2,074.77
Tuition - Other	000-100-569	50,000.00	(11,491.65)	38,508.35	32,146.84	6,361.51
Total Undistributed Expenditures - Instruction:		<u>1,450,215.00</u>	<u>165,713.23</u>	<u>1,615,928.23</u>	<u>1,579,085.74</u>	<u>36,842.49</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	104,600.00	(10,906.39)	93,693.61	93,318.45	375.16
Purchased Professional and Technical Services	000-213-300	2,500.00	227.00	2,727.00	2,726.90	0.10
Supplies and Materials	000-213-600	2,700.00	(27.00)	2,673.00	1,922.42	750.58
Other Objects	000-213-800	700.00	(89.75)	610.25	267.35	342.90
Total Undistributed Expenditures - Health Services		<u>110,500.00</u>	<u>(10,796.14)</u>	<u>99,703.86</u>	<u>98,235.12</u>	<u>1,468.74</u>
Undist. Expend. - Speech,OT,PT & Related Services						
Salaries of Other Professional Staff	000-216-100	71,192.00	(8,756.38)	62,435.62	62,413.93	21.69
Purchased Professional - Educational Services	000-216-320	-	6,717.00	6,717.00	5,850.00	867.00
Supplies and Materials	000-216-600	750.00	-	750.00	82.83	667.17
Total Undist. Expend. - Speech,OT,PT & Related Services		<u>71,942.00</u>	<u>(2,039.38)</u>	<u>69,902.62</u>	<u>68,346.76</u>	<u>1,555.86</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	134,090.00	5,000.79	139,090.79	137,927.79	1,163.00
Purchased Professional - Educational Services	000-217-320	32,520.00	(929.21)	31,590.79	29,857.00	1,733.79
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>166,610.00</u>	<u>4,071.58</u>	<u>170,681.58</u>	<u>167,784.79</u>	<u>2,896.79</u>
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	000-218-104	44,560.00	2,268.00	46,828.00	46,828.00	-
Supplies and Materials	000-218-600	450.00	(330.31)	119.69	-	119.69
Total Undist. Expend. - Guidance		<u>45,010.00</u>	<u>1,937.69</u>	<u>46,947.69</u>	<u>46,828.00</u>	<u>119.69</u>
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	000-219-104	164,073.00	6,018.53	170,091.53	168,711.77	1,379.76
Salaries of Secretarial and Clerical Assistants	000-219-105	23,271.00	-	23,271.00	22,753.83	517.17
Purchased Professional - Educational Services	000-219-320	2,000.00	5,000.00	7,000.00	5,705.00	1,295.00
Other Purchased Prof. and Tech. Services	000-219-390	3,975.00	(823.82)	3,151.18	2,750.00	401.18
Supplies and Materials	000-219-600	180.00	2,801.03	2,981.03	2,901.65	79.38
Other Objects	000-219-800	150.00	33.17	183.17	183.17	-
Total Undist. Expend. - Child Study Team		<u>193,649.00</u>	<u>13,028.91</u>	<u>206,677.91</u>	<u>203,005.42</u>	<u>3,672.49</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Other Professional Staff	000-221-104	6,394.00	283.50	6,677.50	6,677.50	-
Other Purch Services (400-500)	000-221-500	150.00	-	150.00	-	150.00
Total Undist. Expend. - Improvement of Inst. Serv.		<u>6,544.00</u>	<u>283.50</u>	<u>6,827.50</u>	<u>6,677.50</u>	<u>150.00</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	21,103.00	(0.35)	21,102.65	21,003.28	99.37
Purchased Professional and Technical Services	000-222-300	4,225.00	(110.00)	4,115.00	4,114.44	0.56
Supplies and Materials	000-222-600	600.00	(107.24)	492.76	452.11	40.65
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>25,928.00</u>	<u>(217.59)</u>	<u>25,710.41</u>	<u>25,569.83</u>	<u>140.58</u>
Undist. Expend. - Instructional Staff Training Serv.						
Other Purchased Services (400-500 series)	000-223-500	4,000.00	4,298.05	8,298.05	8,059.73	238.32
Total Undist. Expend. - Instructional Staff Training Serv.		<u>4,000.00</u>	<u>4,298.05</u>	<u>8,298.05</u>	<u>8,059.73</u>	<u>238.32</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	92,293.00	13,859.35	106,152.35	106,152.35	-
Legal Services	000-230-331	16,000.00	35,419.22	51,419.22	44,106.69	7,312.53
Audit Fees	000-230-332	15,000.00	-	15,000.00	14,900.00	100.00
Other Purchased Professional Services	000-230-339	8,995.00	18,913.38	27,908.38	27,399.97	508.41
Communications/Telephone	000-230-530	46,200.00	(2,318.11)	43,881.89	43,151.07	730.82
BOE Other Purchased Services	000-230-585	-	10,027.00	10,027.00	10,026.72	0.28
Other Purchased Services (400-500 series)	000-230-590	2,900.00	427.00	3,327.00	3,234.46	92.54
Supplies and Materials	000-230-600	5,200.00	12,591.74	17,791.74	15,834.06	1,957.68
Miscellaneous Expenditures	000-230-890	12,200.00	2,983.94	15,183.94	15,183.91	0.03
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>198,788.00</u>	<u>91,903.52</u>	<u>290,691.52</u>	<u>279,989.23</u>	<u>10,702.29</u>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	169,060.00	5,003.00	174,063.00	174,062.15	0.85
Salaries of Secretarial and Clerical Assistants	000-240-105	72,815.00	(7,786.75)	65,028.25	64,979.57	48.68
Purchased Professional and Technical Services	000-240-300	5,000.00	350.00	5,350.00	5,294.50	55.50
Supplies and Materials	000-240-600	2,000.00	847.00	2,847.00	1,731.92	1,115.08
Other Objects	000-240-800	250.00	-	250.00	-	250.00
Total Undist. Expend. - Support Serv. - School Admin.		<u>249,125.00</u>	<u>(1,586.75)</u>	<u>247,538.25</u>	<u>246,068.14</u>	<u>1,470.11</u>

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services						
Salaries	000-251-100	\$ 87,903.00	\$ 12,740.09	\$ 100,643.09	\$ 98,519.96	\$ 2,123.13
Purchased Professional Technical Services	000-251-340	17,049.00	321.00	17,370.00	15,570.00	1,800.00
Supplies and Materials	000-251-600	1,200.00	683.17	1,883.17	1,650.35	232.82
Total Undist. Expend. - Central Services		106,152.00	13,744.26	119,896.26	115,740.31	4,155.95
Undist. Expend. - Allowable Maint. For School Facilities						
Salaries	000-261-100	51,706.00	4,107.68	55,813.68	55,813.68	-
Cleaning, Repair and Maintenance Services	000-261-420	25,963.00	51,560.37	77,523.37	75,277.73	2,245.64
General Supplies	000-261-610	14,944.00	2,962.88	17,906.88	17,906.86	-
Other Objects	000-261-800	1,000.00	(314.78)	685.24	608.00	77.24
Total Undist. Expend. - Allowable Maint. For School Facilities		93,613.00	58,316.13	151,929.13	149,606.25	2,322.88
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	139,056.00	12,466.25	151,522.25	145,927.25	5,595.00
Purchased Professional and Technical Services	000-262-300	20,976.00	1,176.16	22,152.16	22,152.16	-
Cleaning, Repair and Maintenance Services	000-262-420	26,554.00	13,599.36	40,153.36	35,324.36	4,829.00
Other Purchased Property Services	000-262-490	7,000.00	(1,943.40)	5,056.60	4,748.37	308.23
Insurance	000-262-520	30,300.00	333.00	30,633.00	30,633.00	-
Miscellaneous Purchased Services	000-262-590	3,400.00	(2,576.00)	824.00	-	824.00
General Supplies	000-262-610	24,500.00	13,460.36	37,960.36	37,835.36	125.00
Energy (Natural Gas)	000-262-621	5,000.00	750.00	5,750.00	5,594.72	155.28
Energy (Electricity)	000-262-622	113,500.00	3,764.27	117,264.27	116,957.77	306.50
Energy (Oil)	000-262-624	95,000.00	5,366.09	100,366.09	99,584.52	781.57
Other Objects	000-262-800	600.00	(522.29)	77.71	-	77.71
Total Undist. Expend. - Other Oper. & Maint. Of Plant		465,886.00	45,873.80	511,759.80	498,757.51	13,002.29
Undist. Expend. - Care and Upkeep of Grounds						
Salaries	000-263-100	39,940.00	2,419.00	42,359.00	41,416.05	942.95
Purchased Professional and Technical Services	000-263-300	2,000.00	1,620.00	3,620.00	3,620.00	-
General Supplies	000-263-610	200.00	3,199.40	3,399.40	3,399.40	-
Total Undist. Expend. - Care and Upkeep of Grounds		42,140.00	7,238.40	49,378.40	48,435.45	942.95
Undist. Expend. - Student Transportation Serv.						
Salaries of Non-Instructional Aides	000-270-107	34,098.00	1,430.00	35,528.00	35,527.98	0.02
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	122,658.00	7,099.58	129,757.58	129,698.61	58.97
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	50,465.00	25,846.63	76,311.63	76,310.63	1.00
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	27,288.00	182.87	27,468.87	27,014.87	454.00
Salaries for Pupil Trans. (Between Home & School) - Non-Public	000-270-163	25,775.00	(2,908.23)	22,866.77	22,806.27	60.50
Other Purchased Professional and Technical Services	000-270-390	4,500.00	(1,119.92)	3,380.08	3,380.08	-
Cleaning, Repair and Maintenance Services	000-270-420	56,000.00	39,200.80	95,200.80	95,156.55	44.25
Lease Purchase Payments - School Buses	000-270-443	108,973.00	0.35	108,973.35	108,973.35	-
Contracted Services - Aid in Lieu of Payments	000-270-503	13,260.00	4,823.00	18,083.00	18,082.62	0.38
Contracted Services (Between Home and School) - Vendors	000-270-511	-	32,596.00	32,596.00	29,938.32	2,657.68
Contracted Services (Special Education Students) - Vendors	000-270-514	-	6,461.74	6,461.74	6,461.74	-
Miscellaneous Purchased Services - Transportation	000-270-593	15,500.00	4,833.77	20,333.77	20,333.77	-
Supplies and Materials	000-270-600	65,365.00	20,799.48	86,164.48	85,087.57	1,076.89
Miscellaneous Expenditures	000-270-890	1,695.00	(357.50)	1,337.50	987.50	350.00
Total Undist. Expend. - Student Transportation Serv.		525,575.00	138,888.55	664,463.55	659,759.86	4,703.69
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	116,000.00	2,437.51	118,437.51	116,355.51	2,082.00
T.P.A.F. Contributions - ERIP	000-291-232	10,609.00	-	10,609.00	10,609.00	-
Other Retirement Contributions - Regular	000-291-241	103,388.00	(7,826.00)	95,562.00	95,562.00	-
Unemployment Compensation	000-291-250	7,500.00	2,500.00	10,000.00	10,000.00	-
Workmen's Compensation	000-291-260	39,676.00	(3,716.00)	35,960.00	35,960.00	-
Health Benefits	000-291-270	892,196.00	(48,841.21)	843,354.79	838,359.45	4,995.34
Tuition Reimbursement	000-291-280	27,000.00	(2,608.00)	24,392.00	20,886.55	3,505.45
Other Employee Benefits	000-291-290	236,164.00	(158,645.07)	77,518.93	77,518.93	-
TOTAL UNALLOCATED BENEFITS		1,432,533.00	(216,698.77)	1,215,834.23	1,205,251.44	10,582.79
On-behalf TPAF pension Contributions (non-budgeted)		-	-	-	227,771.00	(227,771.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	175,376.51	(175,376.51)
TOTAL ON-BEHALF CONTRIBUTIONS		-	-	-	403,147.51	(403,147.51)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		1,432,533.00	(216,698.77)	1,215,834.23	1,608,398.95	(392,564.72)
TOTAL UNDISTRIBUTED EXPENDITURES		5,188,210.00	313,958.99	5,502,168.99	5,810,348.59	(308,179.60)
TOTAL GENERAL CURRENT EXPENSE		7,409,151.00	340,665.67	7,749,816.67	8,044,542.86	(294,726.19)

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY						
Equipment						
Undistributed Expenditures - Operation of Plant Services	000-260-730	\$ 11,500.00	\$ 50,855.00	\$ 62,355.00	\$ 60,971.69	\$ 1,383.31
Total Equipment		<u>11,500.00</u>	<u>50,855.00</u>	<u>62,355.00</u>	<u>60,971.69</u>	<u>1,383.31</u>
Facilities Acquisition and Construction Services						
Construction Services	000-400-450	80,000.00	28,422.00	108,422.00	60,313.10	48,108.90
Total Facilities Acquisition and Construction Services		<u>80,000.00</u>	<u>28,422.00</u>	<u>108,422.00</u>	<u>60,313.10</u>	<u>48,108.90</u>
Assets Acquired Under Capital Leases (non-budgeted)						
Undistributed Expenditures:						
Bus					89,235.00	(89,235.00)
Assets Acquired Under Capital Leases (non-budgeted)		<u>-</u>	<u>-</u>	<u>-</u>	<u>89,235.00</u>	<u>(89,235.00)</u>
TOTAL CAPITAL OUTLAY		<u>91,500.00</u>	<u>79,277.00</u>	<u>170,777.00</u>	<u>210,519.79</u>	<u>(39,742.79)</u>
TOTAL EXPENDITURES		<u>7,500,651.00</u>	<u>419,942.67</u>	<u>7,920,593.67</u>	<u>8,255,062.65</u>	<u>(334,468.98)</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures		645.00	(137,042.67)	(136,397.67)	34,925.44	171,323.11
Other Financing Sources (Uses):						
Debt Service Assessment		(645.00)	-	(645.00)	(645.00)	-
Capital Leases (non-budgeted)		-	-	-	89,235.00	89,235.00
Total Other Financing Sources (Uses)		<u>(645.00)</u>	<u>-</u>	<u>(645.00)</u>	<u>88,590.00</u>	<u>89,235.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources						
Over (Under) Expenditures and Other Financing Sources (Uses)		-	(137,042.67)	(137,042.67)	123,515.44	260,558.11
Fund Balance, July 1		<u>254,667.74</u>	<u>-</u>	<u>254,667.74</u>	<u>254,667.74</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 254,667.74</u>	<u>\$ (137,042.67)</u>	<u>\$ 117,625.07</u>	<u>\$ 378,183.18</u>	<u>\$ 260,558.11</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Adjustment for Prior Year Encumbrances		\$ -	\$ (137,042.67)	\$ (137,042.67)	\$ (137,042.67)	\$ -
Budgeted Fund Balance		-	-	-	260,558.11	260,558.11
Total		<u>\$ -</u>	<u>\$ (137,042.67)</u>	<u>\$ (137,042.67)</u>	<u>\$ 123,515.44</u>	<u>\$ 260,558.11</u>
Analysis of Fund Balance June 30, 2012:						
Restricted Fund Balance:						
Capital Reserve Account					\$ 1.00	
Assigned Fund Balance:						
Year-end Encumbrances					89,969.79	
Designated for Subsequent Year's Expenditures					100,000.00	
Unassigned Fund Balance					<u>188,212.39</u>	
					<u>\$ 378,183.18</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2012					\$ 378,183.18	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis					<u>(42,769.00)</u>	
					<u>\$ 335,414.18</u>	

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Education Jobs Fund Program - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
American Recovery and Reinvestment Act: Education Jobs Fund	-	734.00	734.00	734.00	-
Total - Federal Sources	-	734.00	734.00	734.00	-
TOTAL REVENUES	-	734.00	734.00	734.00	-
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	-	734.00	734.00	734.00	-
Total Resource Room/Resource Center	-	734.00	734.00	734.00	-
TOTAL SPECIAL EDUCATION - INSTRUCTION	-	734.00	734.00	734.00	-
Total Instruction	-	734.00	734.00	734.00	-
TOTAL GENERAL CURRENT EXPENSE	-	734.00	734.00	734.00	-
TOTAL EXPENDITURES	-	734.00	734.00	734.00	-

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	322,500.00	127,258.00	449,758.00	449,758.00	-
Local Sources	500.00	12,680.74	13,180.74	7,665.00	5,515.74
Total Revenues	\$ 323,000.00	\$ 139,938.74	\$ 462,938.74	\$ 457,423.00	\$ 5,515.74
EXPENDITURES:					
Instruction					
Personal Services - Salaries	\$ 34,340.00	\$ 277.00	\$ 34,617.00	\$ 34,617.00	\$ -
Purchased Professional and Technical Services		42,461.74	42,461.74	37,446.00	5,015.74
Other Purchased Services (400-500 series)	288,160.00	(207,660.00)	80,500.00	80,154.78	345.22
General Supplies	500.00	7,319.78	7,819.78	7,665.00	154.78
Other Objects	-	4,346.00	4,346.00	4,346.00	-
Total Instruction	323,000.00	(153,255.48)	169,744.52	164,228.78	5,515.74
Support Services					
Personal Services - Salaries		127,700.00	127,700.00	127,700.00	-
Personal Services - Employee Benefits		16,564.65	16,564.65	16,564.65	-
Purchased Professional - Educational Services		104,180.57	104,180.57	104,180.57	-
Travel		33,054.00	33,054.00	33,054.00	-
Supplies and Materials		11,695.00	11,695.00	11,695.00	-
Total Support Services	-	293,194.22	293,194.22	293,194.22	-
Total Expenditures	323,000.00	139,938.74	462,938.74	457,423.00	5,515.74
Total Outflows	\$ 323,000.00	\$ 139,938.74	\$ 462,938.74	\$ 457,423.00	\$ 5,515.74

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2012

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1&C-2]	\$ 8,289,988.09	\$ 457,423.00
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		(13,603.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 8,276,385.09</u>	<u>\$ 457,423.00</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 8,255,062.65	\$ 457,423.00
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 8,255,062.65</u>	<u>\$ 457,423.00</u>

OTHER SUPPLEMENTARY INFORMATION

Section D
SCHOOL LEVEL SCHEDULES

Section E
SPECIAL REVENUE FUND

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

		<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES					
State Sources		\$ -	\$ -	\$ -	\$ -
Federal Sources		449,758.00	-	449,758.00	-
Local Sources		<u>7,665.00</u>	<u>-</u>	<u>-</u>	<u>7,665.00</u>
Total Revenues		\$ 457,423.00	\$ -	\$ 449,758.00	\$ 7,665.00
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	100-100	\$ 34,617.00	\$ -	\$ 34,617.00	\$ -
Purchased Professional and Technical Services	100-300	37,446.00	-	37,446.00	-
Other Purchased Services (400-500 series)	100-500	80,154.78	-	80,154.78	-
General Supplies	100-610	7,665.00	-	-	7,665.00
Other Objects	100-800	<u>4,346.00</u>	<u>-</u>	<u>4,346.00</u>	<u>-</u>
Total Instruction		<u>164,228.78</u>	-	<u>156,563.78</u>	<u>7,665.00</u>
Support Services:					
Personal Services - Salaries	200-100	127,700.00	-	127,700.00	-
Personal Services - Employee Benefits	200-200	16,564.65	-	16,564.65	-
Purchased Professional - Educational Services	200-320	104,180.57	-	104,180.57	-
Travel	200-580	33,054.00	-	33,054.00	-
Supplies and Materials	200-600	<u>11,695.00</u>	<u>-</u>	<u>11,695.00</u>	<u>-</u>
Total Support Services		<u>293,194.22</u>	-	<u>293,194.22</u>	-
Total Expenditures		\$ 457,423.00	\$ -	\$ 449,758.00	\$ 7,665.00

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	E.S.E.A.		I.D.E.A. Part B		Rural School Achievement Program	Teaching American History Grant
	Total	Title I	Title II	Basic	Preschool	
REVENUES						
Federal Sources	\$ 449,758.00	\$ 15,825.00	\$ 17,728.00	\$ 98,419.00	\$ 5,561.00	\$ 284,332.00
Total Federal Revenues	\$ 449,758.00	\$ 15,825.00	\$ 17,728.00	\$ 98,419.00	\$ 5,561.00	\$ 284,332.00
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	\$ 34,617.00	\$ 4,500.00	\$ 12,500.00	\$ -	\$ -	\$ -
Purchased Professional and Technical Services	37,446.00	10,425.00	2,728.00	18,419.00	5,561.00	313.00
Other Purchased Services (400-500 series)	80,154.78			80,000.00		154.78
Other Objects	4,346.00					4,346.00
Total Instruction	156,563.78	14,925.00	15,228.00	98,419.00	5,561.00	22,430.78
Support Services:						
Personal Services - Salaries	127,700.00					127,700.00
Personal Services - Employee Benefits	16,564.65	900.00	2,500.00			3,164.65
Purchased Professional - Educational Services	104,180.57					2,297.57
Travel	33,054.00					
Supplies and Materials	11,695.00					33,054.00
Total Support Services	293,194.22	900.00	2,500.00	-	-	11,695.00
Total Expenditures	\$ 449,758.00	\$ 15,825.00	\$ 17,728.00	\$ 98,419.00	\$ 5,561.00	\$ 284,332.00

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

		<u>Total</u>	<u>Rutherford Hall Donation</u>	<u>Gardening Grant</u>
REVENUES				
Local Sources		\$ 7,665.00	\$ 6,113.00	\$ 1,552.00
Total Local Revenues		<u>\$ 7,665.00</u>	<u>\$ 6,113.00</u>	<u>\$ 1,552.00</u>
EXPENDITURES:				
Instruction:				
General Supplies	100-610	7,665.00	6,113.00	1,552.00
Total Instruction		<u>7,665.00</u>	<u>6,113.00</u>	<u>1,552.00</u>
Total Expenditures		<u>\$ 7,665.00</u>	<u>\$ 6,113.00</u>	<u>\$ 1,552.00</u>

Section F
CAPITAL PROJECTS FUND

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2012

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations 6/30/2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Roof Replacement	4/29/2003	\$ 65,730.90	\$ 65,392.00	\$ -	\$ 338.90
Roof Replacement	1/10/2005	197,058.90	196,700.00	-	358.90
Villa Madonna School Facilities Project	8/2/2004	<u>10,400,000.00</u>	<u>10,292,653.17</u>	<u>(25,761.16)</u>	<u>133,107.99</u>
Totals		<u>\$ 10,662,789.80</u>	<u>\$ 10,554,745.17</u>	<u>\$ (25,761.16)</u>	<u>\$ 133,805.79</u>

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2012**

REVENUES AND OTHER FINANCING SOURCES

State Sources - SCC Grant	\$ -
Bond Proceeds	-
Contribution from private sources	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	<u>-</u>

EXPENDITURES AND OTHER FINANCING USES

Equipment (73X)	-
Salaries (100)	-
Legal Services (331)	20,433.84
Other Purchased Professional and Technical Services (390)	-
Construction Services (450)	(46,195.00)
General Supplies (610)	-
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	-
Buildings other than Lease Purchase Agreements - Principal (722)	-
Other Objects (800)	-
Total Expenditures	<u>(25,761.16)</u>
Excess (deficiency) of revenues over (under) expenditures	25,761.16
Fund Balance - July 1	<u>108,044.63</u>
Fund Balance - June 30	<u>\$ 133,805.79</u>

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Roofing Project
From Inception and for the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SCC Grant	\$ 25,319.90	\$ -	\$ 25,319.90	\$ 25,319.90
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve			-	
Transfer from capital outlay	40,411.00	-	40,411.00	40,411.00
Total Revenues	65,730.90	-	65,730.90	65,730.90
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)			-	
Construction Services (450)	65,392.00		65,392.00	65,730.90
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	65,392.00	-	65,392.00	65,730.90
Excess (deficiency) of revenues over (under) expenditures	338.90	-	338.90	-
ADDITIONAL PROJECT INFORMATION				
Project Number	SP0030-000-03-0780			
Grant Date	4/29/03			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 67,352.00			
Additional Authorized Cost	\$ (1,621.10)			
Revised Authorized Cost	\$ 65,730.90			
Percentage Increase over Original Authorized Cost	-2.41%			
Percentage Completed	99.48%			
Original Target Completion Date	6/30/06			
Revised Target Completion Date	6/30/07			

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Roofing Project
From Inception and for the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SCC Grant	\$ 77,058.90	\$ -	\$ 77,058.90	\$ 77,058.90
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve			-	
Transfer from capital outlay	120,000.00	-	120,000.00	120,000.00
Total Revenues	<u>197,058.90</u>	<u>-</u>	<u>197,058.90</u>	<u>197,058.90</u>
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)	14,560.00		14,560.00	14,560.00
Construction Services (450)	182,140.00		182,140.00	182,498.90
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>196,700.00</u>	<u>-</u>	<u>196,700.00</u>	<u>197,058.90</u>
Excess (deficiency) of revenues over (under) expenditures	<u>358.90</u>	<u>-</u>	<u>358.90</u>	<u>-</u>

ADDITIONAL PROJECT INFORMATION

Project Number	SP0030-010-05-1000
Grant Date	1/10/05
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 198,680.00
Additional Authorized Cost	\$ (1,621.10)
Revised Authorized Cost	\$ 197,058.90
Percentage Increase over Original Authorized Cost	-0.82%
Percentage Completed	99.82%
Original Target Completion Date	6/30/06
Revised Target Completion Date	6/30/06

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Villa Madonna School Facilities Project
From Inception and for the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	10,400,000.00	-	10,400,000.00	10,400,000.00
Lease Purchase Agreement	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>10,400,000.00</u>	<u>-</u>	<u>10,400,000.00</u>	<u>10,400,000.00</u>
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)	-	-	-	-
Salaries (100)	8,233.33	-	8,233.33	90,000.00
Legal Services (331)	286,362.39	20,433.84	306,796.23	300,000.00
Other Purchased Professional and Technical Services (390)	879,738.38	-	879,738.38	800,000.00
Construction Services (450)	9,118,319.07	(46,195.00)	9,072,124.07	9,210,000.00
General Supplies (610)	-	-	-	-
Land and Improvements (710)	-	-	-	-
Lease Purchase Agreements - Principal (721)	-	-	-	-
Buildings other than Lease Purchase Agreements - Principal (722)	-	-	-	-
Other Objects (800)	-	-	-	-
Total Expenditures	<u>10,292,653.17</u>	<u>(25,761.16)</u>	<u>10,266,892.01</u>	<u>10,400,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,346.83</u>	<u>25,761.16</u>	<u>133,107.99</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	1/23/07			
Bonds Authorized	\$ 10,400,000.00			
Bonds Issued	\$ 10,400,000.00			
Original Authorized Cost	\$ 10,400,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 10,400,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	98.72%			
Original Target Completion Date	9/1/09			
Revised Target Completion Date	9/1/09			

Section G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H
FIDUCIARY FUND

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2012

<u>Schools</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Elementary School	\$ 24,415.67	\$ 91,267.76	\$ 96,811.53	\$ 18,871.90
	<u>\$ 24,415.67</u>	<u>\$ 91,267.76</u>	<u>\$ 96,811.53</u>	<u>\$ 18,871.90</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Payroll Deductions and Withholdings	\$ 7,969.53	\$ 1,791,293.44	\$ 1,718,968.32	\$ 80,294.65
Net Salaries and Wages		2,752,264.95	2,713,285.93	38,979.02
Interfunds Payable	<u>-</u>	<u>430.34</u>	<u>430.34</u>	<u>-</u>
	<u>\$ 7,969.53</u>	<u>\$ 4,543,988.73</u>	<u>\$ 4,432,684.59</u>	<u>\$ 119,273.67</u>

Section I
LONG – TERM DEBT

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
Long - Term Debt
**Schedule of Serial Bonds and Lease Purchase Agreement
For the Fiscal Year Ended June 30, 2012**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2012</u>			<u>Interest Rate</u>	<u>Balance June 30, 2011</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
Additions and Renovations to Allamuchy Elementary School	08/29/06	\$ 1,732,223.74	11/01/12	\$ 248,415.02	\$ 744,874.90	4.50%	\$ 236,455.43	\$ 508,419.47	
			11/01/13	260,004.45	4.50%				
Renovation and Expansion of the Villa Madonna Property	03/15/08	10,400,000.00	3/15/13	60,000.00		4.25%			
			3/15/14	65,000.00		4.25%			
			3/15/15	65,000.00		4.50%			
			3/15/16	365,000.00		4.50%			
			3/15/17	380,000.00		4.50%			
			3/15/18	400,000.00		4.50%			
			3/15/19	415,000.00		4.50%			
			3/15/20	435,000.00		4.50%			
			3/15/21	460,000.00		4.50%			
			3/15/22	480,000.00		4.50%			
			3/15/23	505,000.00		4.50%			
			3/15/24	525,000.00		4.50%			
			3/15/25	550,000.00		4.50%			
			3/15/26	580,000.00		4.50%			
			3/15/27	605,000.00		4.50%			
			3/15/28	635,000.00		4.50%			
			3/15/29	665,000.00		4.50%			
			3/15/30	695,000.00		4.50%			
			3/15/31	730,000.00		4.50%			
			3/15/32	765,000.00		4.50%			
			3/15/33	800,000.00		4.50%			
							\$ 10,984,874.90	\$ 296,455.43	\$ 10,688,419.47

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Long - Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2011</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2012</u>
Buses	\$ 514,265.00	\$ 274,749.90	\$ -	\$ 50,283.24	\$ 224,466.66
Bus	86,480.00	61,637.35		7,676.66	53,960.69
Bus	86,218.00	51,661.42		16,453.70	35,207.72
Buses	135,308.00	118,774.78		10,944.49	107,830.29
Bus	89,235.00	-	89,235.00	-	89,235.00
		<u>\$ 506,823.45</u>	<u>\$ 89,235.00</u>	<u>\$ 85,358.09</u>	<u>\$ 510,700.36</u>

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 742,421.00	\$ -	\$ 742,421.00	\$ 742,421.00	\$ -
	<u>742,421.00</u>		<u>742,421.00</u>	<u>742,421.00</u>	<u>-</u>
State Sources:					
Debt Service Aid Type II	42,571.00	-	42,571.00	42,571.00	-
Total - State Sources	<u>42,571.00</u>	<u>-</u>	<u>42,571.00</u>	<u>42,571.00</u>	<u>-</u>
Total Revenues	<u>784,992.00</u>	<u>-</u>	<u>784,992.00</u>	<u>784,992.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest - Lease Purchase Agreement	28,199.07	-	28,199.07	28,199.09	(0.02)
Redemption of Principal - Lease Purchase Agreement	236,455.43	-	236,455.43	236,455.43	-
Interest - Bonds	460,337.50	-	460,337.50	460,337.50	-
Redemption of Principal - Bonds	60,000.00	-	60,000.00	60,000.00	-
Total Regular Debt Service	<u>784,992.00</u>	<u>-</u>	<u>784,992.00</u>	<u>784,992.02</u>	<u>(0.02)</u>
Total Expenditures	<u>784,992.00</u>	<u>-</u>	<u>784,992.00</u>	<u>784,992.02</u>	<u>(0.02)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(0.02)	(0.02)
Fund Balance, July 1	(0.02)	-	(0.02)	(0.02)	-
Fund Balance, June 30	<u>(0.02)</u>	<u>-</u>	<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.02)</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Budgeted Fund Balance	\$ -	\$ -	\$ -	\$ (0.02)	\$ (0.02)

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2003.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities									
Invested in capital assets, net of related debt	\$ 627,200.85	\$ 5,179,798.84	\$ 4,895,908.43	\$ 2,549,318.36	\$ (2,488,712.93)	\$ 2,822,071.69	\$ 1,608,727.57	\$ 1,441,988.45	\$ 1,060,119.89
Restricted	86,442.04	105,236.61	277,482.88	2,279,726.75	7,272,336.36	148,778.54	595,126.56	600,957.10	386,487.44
Unrestricted	79,316.87	(76,217.54)	(191,412.46)	(35,289.50)	144,935.10	(445,767.55)	(91,116.97)	(60,578.22)	(20,096.91)
Total governmental activities net assets	\$ 792,959.76	\$ 5,208,817.91	\$ 4,981,978.85	\$ 4,793,755.61	\$ 4,928,558.53	\$ 2,525,082.68	\$ 2,112,737.16	\$ 1,982,367.33	\$ 1,426,510.42
Business-type activities									
Invested in capital assets, net of related debt	\$ 53,482.10	\$ 51,256.00	\$ 53,433.14	\$ 27,406.22	\$ 30,150.59	\$ 24,896.96	\$ 27,767.16	\$ 28,690.76	\$ 6,255.36
Restricted	(80,538.87)	22,235.30	16,255.34	35,995.90	19,462.66	11,664.69	5,603.66	8,111.80	37,124.11
Unrestricted	\$ (27,056.77)	\$ 73,491.30	\$ 69,688.48	\$ 63,402.12	\$ 49,613.25	\$ 36,561.65	\$ 33,370.82	\$ 36,802.56	\$ 43,379.47
Total business-type activities net assets									
District-wide									
Invested in capital assets, net of related debt	\$ 680,682.95	\$ 5,231,054.84	\$ 4,949,341.57	\$ 2,576,724.58	\$ (2,458,562.34)	\$ 2,846,968.65	\$ 1,636,494.73	\$ 1,470,679.21	\$ 1,066,375.25
Restricted	86,442.04	105,236.61	277,482.88	2,279,726.75	7,272,336.36	148,778.54	595,126.56	600,957.10	386,487.44
Unrestricted	(1,222.00)	(53,982.24)	(175,157.12)	706.40	164,397.76	(434,102.86)	(85,513.31)	(52,466.42)	17,027.20
Total district net assets	\$ 765,902.99	\$ 5,282,309.21	\$ 5,051,667.33	\$ 4,857,157.73	\$ 4,978,171.78	\$ 2,561,644.33	\$ 2,146,107.98	\$ 2,019,169.89	\$ 1,469,889.89

Source: District records

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Unaudited

	Fiscal Year Ending June 30								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental activities									
Instruction									
Regular	\$ 2,513,182.78	\$ 2,491,106.97	\$ 2,606,932.75	\$ 2,433,230.94	\$ 2,381,735.32	\$ 2,377,369.59	\$ 2,147,212.32	\$ 1,934,736.42	\$ 1,872,920.72
Special education	846,033.02	743,633.02	757,540.21	648,342.03	735,406.58	655,350.47	636,491.81	558,689.35	879,704.87
Other instruction	157,301.78	129,510.71	112,817.20	97,702.15	54,187.51	46,100.06	49,969.81	43,070.34	31,555.29
Support Services:									
Tuition	1,579,085.74	1,555,773.45	1,780,536.76	1,796,571.74	1,675,531.34	1,652,879.05	1,498,899.09	1,592,979.09	1,177,165.10
Student and instruction related services	1,167,960.51	1,030,125.48	843,799.88	687,358.72	672,384.15	670,643.57	604,007.03	532,145.27	437,487.20
School administrative services	357,590.69	386,756.18	343,624.23	234,088.85	235,475.34	212,992.78	178,590.04	244,126.11	247,662.07
General and business administrative services	508,877.78	341,511.47	289,313.30	496,552.98	850,270.69	421,446.99	360,829.88	307,675.00	330,887.89
Plant operations and maintenance	827,108.27	847,300.34	899,955.37	642,772.01	601,987.62	595,438.01	559,814.55	487,563.97	411,629.49
Pupil transportation	729,375.32	655,654.41	603,928.54	551,529.80	596,036.98	309,877.80	396,141.58	338,109.02	344,366.29
Interest on long-term debt	486,019.42	498,874.74	511,182.93	565,160.54	58,604.93	58,935.17	131,569.82	146,120.04	162,605.72
Total governmental activities expenses	9,172,535.31	8,690,246.77	8,749,531.18	8,153,310.76	7,861,620.46	6,999,063.49	6,583,534.93	6,185,214.61	5,895,984.64
Business-type activities:									
Food service	149,223.12	132,998.63	125,529.44	114,612.92	110,762.79	104,713.38	104,764.02	100,983.24	86,191.38
Rutherford Hall	111,106.00								
Total business-type activities expense	260,329.12	132,998.63	125,529.44	114,612.92	110,762.79	104,713.38	104,764.02	100,983.24	86,191.38
Total district-wide expenses	9,432,864.43	8,813,245.40	8,875,060.62	8,267,923.68	7,972,383.25	7,103,766.87	6,688,298.95	6,286,197.85	5,982,176.02
Program Revenues									
Governmental activities:									
Charges for services:									
Pupil transportation	74,655.00	88,179.53	42,040.10	37,747.84	13,498.60				
Interest on long-term debt	443,448.42	456,522.74	461,131.93	467,251.54	66,208.79				
Operating grants and contributions	1,495,376.57	1,093,036.43	1,235,876.62	1,117,151.07	1,316,970.96	670,151.53	1,296,241.21	1,236,756.70	1,401,815.16
Total governmental activities program revenues	1,957,479.99	1,637,738.70	1,739,048.65	1,622,150.45	1,396,678.34	670,151.53	1,296,241.21	1,236,756.70	1,401,815.16

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,					
	2012	2011	2010	2009	2008	2007
Business-type activities:						
Charges for services	\$ 118,281.99	\$ 109,170.31	\$ 105,996.14	\$ 100,653.18	\$ 98,078.25	\$ 86,384.64
Food service	6,007.35					
Rutherford Hall	35,424.24	27,631.14	25,819.66	27,748.61	25,736.14	21,519.57
Operating grants and contributions	159,713.58	136,801.45	131,815.80	128,401.79	123,814.39	107,904.21
Total business-type activities program revenues	2,117,193.57	1,774,540.15	1,870,864.45	1,750,552.24	1,520,482.73	778,055.74
Total district-wide program revenues						
Net (Expense)/Revenue						
Governmental activities	(7,215,055.32)	(7,042,508.07)	(7,010,482.53)	(6,531,160.31)	(6,464,942.12)	(6,328,901.96)
Business-type activities	(100,615.54)	3,802.82	6,286.36	13,788.87	13,051.60	3,190.83
Total district-wide net expense	<u>(7,315,670.86)</u>	<u>(7,038,705.25)</u>	<u>(7,004,196.17)</u>	<u>(6,517,371.44)</u>	<u>(6,451,890.52)</u>	<u>(6,325,711.13)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property taxes, levied for general purposes	6,769,586.00	6,636,849.00	6,571,104.00	5,875,000.00	5,713,308.00	5,460,391.00
Property taxes, levied for debt service principal	298,972.58	281,505.26	270,745.07	237,330.46	295,370.21	384,627.00
Federal and State aid not restricted	39,308.87	75,250.68	149,335.78	189,460.30	96,026.18	705,404.46
Tuition (other than special schools)	277,976.20	213,009.68	149,102.24	155,253.03	64,428.36	36,604.35
Investment earnings	5,335.50	5,954.53	24,763.18	61,071.26	439,221.27	219,008.46
Adjustment to Capital Assets	(4,765,748.16)			(118.09)	11,001.37	(2,100.00)
Miscellaneous income	174,411.18	57,887.98	33,655.50	73,649.86	2,252,304.78	43,108.95
Debt Service Assessment	(645.00)	(1,110.00)			(3,242.20)	
N.J. Economic Development Authority grants						197,776.26
Proceeds of long-term debt (Refunding Bonds)						(303,574.00)
Transfers						6,741,247.48
Total governmental activities	<u>2,799,197.17</u>	<u>7,269,347.13</u>	<u>7,198,705.77</u>	<u>6,591,646.82</u>	<u>8,868,417.97</u>	<u>5,417,663.55</u>
Business-type activities:						
Investment earnings	67.47					
Transfers						
Total business-type activities	<u>67.47</u>	<u>7,269,347.13</u>	<u>7,198,705.77</u>	<u>6,591,646.82</u>	<u>8,868,417.97</u>	<u>5,417,663.55</u>
Total district-wide general revenues						
Change in Net Assets						
Governmental activities	(4,415,858.15)	228,839.06	188,223.24	60,486.51	2,403,475.85	412,345.52
Business-type activities	(100,548.07)	3,802.82	6,286.36	13,788.87	13,051.60	3,190.83
Total district-wide change in net assets	<u>\$ (4,516,406.22)</u>	<u>\$ 230,641.88</u>	<u>\$ 194,509.60</u>	<u>\$ 74,275.38</u>	<u>\$ 2,416,527.45</u>	<u>\$ 415,536.35</u>

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund									
Restricted	\$ 1.00	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	89,969.79	137,042.67							
Unassigned	245,443.39	88,458.07							
Reserved			179,248.99	261,123.83	142,565.98	329,534.93	297,177.67	314,131.97	93,786.71
Unreserved			(14,229.07)	140,215.72	322,569.60	241,162.53	95,216.28	133,430.53	180,164.35
Total general fund	\$ 335,414.18	\$ 225,501.74	\$ 165,019.92	\$ 401,339.55	\$ 465,135.58	\$ 570,697.46	\$ 392,393.95	\$ 447,562.50	\$ 273,951.06
All Other Governmental Funds									
Restricted, reported in:									
Capital Projects fund	\$ 59,633.02	\$ 15,549.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	(0.04)	(0.02)							
Assigned, reported in:									
Capital Projects fund	74,172.77	92,495.27	225,389.49	2,145,847.28	152,033.90	59,933.02			294,748.47
Reserved									
Unreserved, reported in:									
Capital projects fund			15,049.36	14,286.53	6,902,932.38	(302,499.94)	320,409.00	314,115.42	28,325.50
Debt service fund			(0.46)	2,988.60	85,257.77	84,140.83	2,402.81	530.96	3,267.83
Total all other governmental funds	\$ 133,805.75	\$ 108,044.61	\$ 240,448.39	\$ 2,163,122.41	\$ 7,140,224.05	\$ (158,426.09)	\$ 322,811.81	\$ 314,646.38	\$ 326,341.80
Total Fund Balances	\$ 469,219.93	\$ 333,546.35	\$ 405,468.31	\$ 2,564,461.96	\$ 7,605,359.63	\$ 412,271.37	\$ 715,205.76	\$ 762,208.88	\$ 600,292.86

Source: District records

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

Changes in Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues									
Tax levy	\$ 7,512,007.00	\$ 7,374,877.00	\$ 7,302,981.00	\$ 6,579,582.00	\$ 6,074,887.00	\$ 5,845,018.00	\$ 5,389,537.00	\$ 5,358,268.00	\$ 4,802,612.00
Tuition charges	277,976.20	213,009.68	149,102.24	155,253.03	64,428.36	36,604.35	59,120.98	115,752.73	56,305.94
Transportation Fees	74,655.00	88,179.53	42,040.10	37,747.84	13,498.60	219,009.46	24,105.20	16,617.55	3,612.27
Interest earnings	5,335.50	5,954.53	24,763.18	61,071.26	439,221.27	43,108.95	3,551.63	12,446.01	8,266.52
Miscellaneous	182,076.18	71,849.01	77,363.87	86,417.77	13,879.37	1,193,944.99	1,043,617.02	983,518.06	992,696.07
State sources	1,016,258.21	790,131.72	1,078,626.30	1,121,778.40	1,254,572.87	181,611.00	193,972.93	165,789.17	291,873.57
Federal sources	454,762.23	364,194.36	262,877.73	172,065.06	155,546.26	7,519,296.75	6,713,904.76	6,662,391.52	6,155,366.37
Total revenues	9,523,070.32	8,908,195.83	8,937,754.42	8,213,915.36	8,016,033.73				
Expenditures									
Instruction									
Regular instruction	1,687,712.05	1,638,238.45	1,749,845.57	1,633,363.71	1,548,804.06	1,581,946.09	1,482,915.94	1,316,044.73	1,290,364.19
Special education instruction	601,104.56	540,174.35	571,364.49	435,212.08	500,672.88	428,815.04	448,206.24	379,861.47	656,311.83
Other instruction	109,606.44	89,954.83	77,366.63	77,911.10	34,135.55	24,760.85	31,721.75	27,583.50	28,556.29
Support Services:									
Tuition	1,579,085.74	1,555,773.45	1,780,536.76	1,796,571.74	1,875,531.34	1,652,879.05	1,498,899.09	1,592,979.09	1,177,165.10
Student and instruction related services	905,406.95	769,912.54	610,464.92	498,035.51	466,330.17	455,448.41	427,755.63	394,062.67	341,252.71
School administrative services	246,068.14	260,255.61	243,281.68	156,936.41	152,840.08	139,870.24	118,457.23	165,580.62	173,272.87
General and business administrative services	395,729.54	280,659.62	233,533.23	392,507.82	739,027.52	313,632.58	293,117.59	240,604.65	281,533.14
Plant operations and maintenance	696,799.21	741,388.18	784,108.39	535,432.42	487,318.47	482,501.84	467,319.64	409,751.22	363,155.20
Pupil transportation	659,759.86	539,984.23	487,617.20	455,236.09	482,720.88	264,606.95	391,764.76	333,559.48	330,516.49
Employee benefits	1,624,963.80	1,631,006.25	1,541,899.99	1,462,686.06	1,560,798.66	1,439,911.05	1,164,507.93	1,051,363.83	942,779.53
Capital outlay	184,758.63	286,588.72	2,231,812.15	5,098,857.92	3,211,061.60	1,004,433.06	41,713.93	266,843.37	108,504.91
Debt service:									
Principal	296,455.43	279,141.99	271,429.14	258,376.02	289,980.50	243,421.19	260,000.00	250,000.00	240,000.00
Interest and other charges	488,536.59	501,237.57	513,487.92	626,384.15	70,481.56	59,467.79	134,528.15	151,920.87	166,738.58
Total expenditures	9,475,986.74	9,114,315.79	11,096,748.07	13,427,511.03	11,219,703.27	8,091,694.14	6,760,907.88	6,573,155.50	6,100,150.84
Excess (Deficiency) of revenues over (under) expenditures	47,083.58	(206,119.96)	(2,158,993.65)	(5,213,595.67)	(3,203,669.54)	(572,397.39)	(47,003.12)	83,236.02	55,215.53

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

Changes in Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Other Financing sources (uses)									
Proceeds from borrowing									
Capital leases (non-budgeted)	89,235.00	135,308.00			\$ 10,400,000.00	\$ 573,037.00			
Debt Service Assessment	(645.00)	(1,110.00)		\$ 172,898.00					
Interest Due to Escrow Agent						18,957.53			
N.J. Economic Development Authority grants					(3,242.20)			78,680.00	26,941.00
Transfers in				55,957.52	436,049.73			120,000.00	40,411.00
Transfers out				(55,957.52)	(436,049.73)	(322,531.53)		(120,000.00)	(40,411.00)
Total other financing sources (uses)	88,590.00	134,198.00		172,898.00	10,396,757.80	268,463.00		78,680.00	26,941.00
Net change in fund balances	\$ 135,673.58	\$ (71,921.96)	\$ (2,158,993.65)	\$ (5,040,897.67)	\$ 7,193,088.26	\$ (302,934.39)	\$ (47,003.12)	\$ 161,916.02	\$ 82,156.53
Debt service as a percentage of noncapital expenditures	8.45%	8.84%	8.85%	10.62%	4.50%	4.27%	5.87%	6.37%	6.79%

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Transportation</u>	<u>Miscellaneous</u>	<u>Prior Year Refunds</u>	<u>Sale of Property</u>
2003	\$ 458,176.31	\$ 21,607.68	\$ 3,261.40	\$ -	\$ 612.84	\$ 15,519.39	\$ 417,175.00
2004	63,817.02	56,305.94	3,305.96		4,205.12		
2005	137,345.74	115,752.73	14,085.60		7,507.41		
2006	80,484.23	59,120.98	17,811.62		3,551.63		
2007	298,722.76	36,604.35	219,009.46		43,108.95		
2008	92,099.87	64,428.36	3,171.54	13,498.60	11,001.37		
2009	271,764.47	155,253.03	5,113.74	37,747.84	73,649.86		
2010	249,561.02	149,102.24	24,763.18	42,040.10	33,655.50		
2011	365,031.72	213,009.68	5,954.53	88,179.53	57,887.98		
2012	532,377.88	277,976.20	5,335.50	74,655.00	174,411.18		

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,360,904	\$ 371,335,293	0.970
2004	-	-	-	-	-	-	-	478,843,102	408,059,243	1.040
2005	-	-	-	-	-	-	-	486,949,763	465,062,474	1.090
2006	-	-	-	-	-	-	-	492,508,822	516,535,403	1.060
2007	-	-	-	-	-	-	-	508,954,404	589,945,617	1.110
2008	10,786,500	492,808,800	22,407,301	17,944,600	977,300	544,924,501	1,128,772	546,053,273	716,628,746	1.200
2009	14,337,600	495,397,400	22,456,445	17,944,600	977,300	551,113,345	1,225,657	552,339,002	723,798,974	1.308
2010	13,803,900	496,511,800	23,002,210	17,892,800	977,300	552,188,010	1,255,931	553,443,941	708,866,592	1.315
2011	15,588,300	510,591,000	23,133,555	15,892,800	-	565,205,655	1,158,652	566,364,307	670,191,556	1.280
2012	10,071,600	521,530,400	22,779,635	15,892,800	-	570,274,435	1,254,168	571,528,603	619,686,239	1.339

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended December 31,	School District Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
2003	0.946	0.024	0.970	0.150	0.580	1.700
2004	0.200	0.840	1.040	0.140	0.640	1.820
2005	0.270	0.820	1.090	0.130	0.690	1.910
2006	0.280	0.780	1.060	0.150	0.730	1.940
2007	1.050	0.060	1.110	0.170	0.780	2.060
2008	1.145	0.055	1.200	0.206	0.797	2.203
2009	1.148	0.160	1.308	0.235	0.799	2.342
2010	1.173	0.142	1.315	0.281	0.786	2.382
2011	1.142	0.138	1.280	0.490	0.750	2.520
2012	1.202	0.137	1.339	0.341	0.724	2.404

Source: Municipal Tax Collector

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited**

Fiscal Year Ended June 30,	2012		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Panther Valley Golf & Country Club	\$ 6,345,400	1.15%	\$ -	
Baker Residential Ltd. Partnership	4,067,900	0.74%		
Bowers Glen, Inc.	3,730,000	0.67%		
Colonial Manor at Partner Valley LLC	2,200,000	0.40%		
Allamuchy Land Development	1,516,600	0.27%		
C & K Partnership	1,483,500	0.27%		
Gibbs, J & N	1,440,570	0.26%		Not Available
Keck, Daniel & Kristin	1,300,300	0.23%		
Freeborn, L & C	1,252,350	0.23%		
Payne, J & E	1,241,300	0.22%		
Total	\$ 24,577,920	4.44%	\$ -	0.00%

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 9,158,643.00	\$ 9,040,925.00	98.71%	\$ -	\$ 9,040,925.00	98.71%
2003	10,001,149.00	9,767,617.00	97.66%	-	9,767,617.00	97.66%
2004	10,780,839.00	10,589,971.00	98.22%	-	10,589,971.00	98.22%
2005	10,888,686.00	10,640,802.00	97.72%	102,073.83	10,742,875.83	98.66%
2006	11,875,387.00	11,728,551.00	98.76%	134,533.66	11,863,084.66	99.89%
2007	13,155,838.56	12,903,685.36	98.08%	200,635.44	13,104,320.80	99.60%
2008	14,358,523.33	14,074,177.00	98.01%	197,814.01	14,271,991.01	99.39%
2009	15,190,066.87	14,795,482.02	97.40%	266,599.45	15,062,081.47	99.15%
2010	16,036,596.59	15,659,358.98	97.64%	215,515.85	15,874,874.83	98.99%
2011	16,013,842.63	15,725,381.02	98.19%		15,725,381.02	98.19%

Source: Municipal Tax Collector

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ 495,000	\$ 2,390,000	\$ 103,766	\$ -	\$ -	\$ 2,988,766	1.67%	761
2004	395,000	2,240,000	57,387	-	-	2,692,387	1.47%	680
2005	295,000	2,090,000	8,421	-	-	2,393,421	1.29%	604
2006	195,000	1,930,000	-	-	-	2,125,000	1.11%	527
2007	95,000	-	1,588,803	-	-	1,683,803	0.80%	385
2008	10,400,000	1,393,822	460,264	-	-	12,254,086	5.73%	2,803
2009	10,350,000	1,185,446	556,454	-	-	12,091,900	5.59%	2,777
2010	10,295,000	969,017	476,442	-	-	11,740,459	5.45%	2,716
2011	10,240,000	744,875	-	-	-	10,984,875	5.04%	2,549
2012	10,180,000	508,419	-	-	-	10,688,419	4.83%	2,477

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 495,000	\$ -	\$ 495,000	0.16%	126
2004	395,000		395,000	0.08%	100
2005	295,000		295,000	0.06%	74
2006	195,000		195,000	0.04%	48
2007	95,000		95,000	0.02%	22
2008	10,400,000		10,400,000	1.90%	2,379
2009	10,350,000		10,350,000	1.87%	2,377
2010	10,295,000		10,295,000	1.86%	2,381
2011	10,240,000		10,240,000	1.81%	2,376
2012	10,180,000		10,180,000	1.79%	2,359

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2011
Unaudited**

Net Direct Debt of School District as of December 31, 2011	\$ 10,748,419.00
Net Overlapping Debt of School District: Township of Allamuchy (100%) County of Warren - Township's share (5.09% of \$8,760,000)	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;"> 14,166,156.00 <u>445,834.00</u> </div> <div style="text-align: right;"> 14,611,990.00 </div> </div>
Total Direct and Overlapping Bonded Debt as of December 31, 2011	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;"> \$ 25,360,409.00 <u> </u> </div> <div style="text-align: right;"> \$ 25,360,409.00 </div> </div>

Source: Township of Allamuchy Chief Financial Officer and Warren County Treasurer's Office.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Legal Debt Margin Information
Last Nine Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2009	\$ 704,028,288
2010	651,549,274
2011	610,967,090
	<u>\$ 1,966,544,652</u>
Average equalized valuation of taxable property	
	<u>\$ 655,514,884</u>
Debt limit (3% of average equalization value)	19,665,447
Total Net Debt Applicable to Limit	10,180,000
Legal debt margin	<u>\$ 9,485,447</u>

	Fiscal Year		
	2008	2009	2010
Debt limit	\$ 18,916,103	\$ 20,373,999	\$ 20,677,110
Total net debt applicable to limit	10,400,000	10,350,000	10,295,000
Legal debt margin	<u>\$ 8,516,103</u>	<u>\$ 10,023,999</u>	<u>\$ 10,632,766</u>
Total net debt applicable to the limit as a percentage of debt limit	54.98%	50.80%	49.06%
			49.52%
			51.77%

	Fiscal Year		
	2003	2004	2005
Debt limit	\$ 10,962,677	\$ 12,212,328	\$ 13,630,242
Total net debt applicable to limit	495,000	395,000	295,000
Legal debt margin	<u>\$ 10,467,677</u>	<u>\$ 11,817,328</u>	<u>\$ 13,335,242</u>
Total net debt applicable to the limit as a percentage of debt limit	4.52%	3.23%	2.16%
			2.06%
			61.14%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	3,925	\$ 179,278,259	\$ 45,676	6.20%
2004	3,959	183,362,880	46,315	4.60%
2005	3,964	186,164,779	46,964	2.00%
2006	4,035	192,152,203	47,621	2.01%
2007	4,368	210,922,259	48,288	3.70%
2008	4,371	214,022,063	48,964	5.0%
2009	4,355	216,223,978	49,650	4.8%
2010	4,323 (Actual)	215,432,382	49,834 (Actual)	4.9%
2011	4,310	217,791,524	50,532	4.3%
2012	4,315 (Est)	221,096,800	51,239 (Est)	

Sources:

Population Information provided by the NJ Dept of Labor and Workforce Development

Personal Income has been estimated based upon the municipal population and per capita personal income presented

Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Principal Employers
Current Year and Ten Years Ago
Unaudited**

[illegible]

Source: _____

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Full-time Equivalent District Employees by Function/Program
Last Seven Fiscal Years
Unaudited**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular				25.0	25.0	25.0	29.0	29.5	29.5	30.5
Special education				5.0	5.0	5.0	3.0	5.5	5.0	5.5
Other instruction				10.0	10.0	11.0	11.0	0.0	0.0	0.0
School sponsored/other instructional										
Support Services:										
Tuition				14.0	14.0	15.0	13.1	7.3	7.3	7.3
Student and instruction related services				3.0	3.0	2.3	3.0	3.0	3.0	3.0
School administrative services				2.0	1.4	1.4	0.9	1.1	1.6	1.6
General and business administrative services				4.0	4.8	4.8	1.0	0.0	0.0	0.0
Central Services										
Administrative information technology				4.8	4.8	4.8	7.0	5.0	6.0	6.0
Plant operations and maintenance				4.0	4.5	4.5	11.6	11.5	11.5	11.5
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	0	0	0	71.8	72.5	73.8	79.6	62.9	63.9	65.4

Source: District Personnel Records

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

Operating Statistics
Last Ten Fiscal Years
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	358.2	5,536,591	15,457	15.01%	39	1:7	358.2	336	4.74%	93.80%
2004	334.4	5,354,451	16,012	3.59%	42	1:5	334.4	317.3	-6.64%	94.89%
2005	338.6	5,792,857	17,108	6.85%	37	1:5	338.6	317.4	1.26%	93.74%
2006	353.2	6,324,666	17,907	4.67%	39	1:11	353.2	335.0	4.31%	94.85%
2007	355.4	6,784,372	19,089	6.60%	41	1:8.6	355.4	340.2	0.62%	95.72%
2008	357.0	4,601,592	12,890	-32.48%	41	1:8.6	347.0	364.0	-2.36%	104.90%
2009	386.0	7,443,893	19,285	49.61%	38	1:10.2	381.8	365.4	10.03%	95.70%
2010	387.0	8,080,019	20,879	8.27%	37	1:10.35	387.9	369.0	1.59%	95.13%
2011	405.0	7,858,076	19,403	-7.07%	37	1:10.95	423.0	398.7	9.06%	94.26%
2012	440.0	7,752,316	17,619	-9.19%	38	1:11.58	424.0	411.0	0.24%	96.93%

Source: District records

Note: Enrollment based on annual October district count.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**School Building Information
Last Seven Fiscal Years
Unaudited**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
<u>Allamuchy Elementary School (1958)</u>										
Square Feet				56,879	56,879	56,879	56,879	56,879	56,879	56,879
Capacity (students)				398	398	398	398	398	398	398
Enrollment				356	356	357	386	297	297	330
<u>Mountain Villa School (2010)</u>										
Square Feet								27,260	27,260	27,260
Capacity (students)								180	180	180
Enrollment								90	90	94

Other
Storage Building(s) - pole barn, waste
treatment, 3 sheds
Square Feet

Number of Schools at June 30, 2012
Elementary = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-xxx

*School Facility	Pending Projects (w/DOE Project #)	Gross Building Area (SF)										
			2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Allamuchy Township Elementary School		80,000	\$ 112,200	\$ 108,256	\$ 106,765	\$ 69,272	\$ 29,712	\$ 61,792	\$ 73,898	\$ 66,157	\$ 29,395	\$ 32,514
Mountain Villa School		27,260	37,406	27,173	49,434							
Total School Facilities			\$ 149,606	\$ 135,429	\$ 156,199	\$ 69,272	\$ 29,712	\$ 61,792	\$ 73,898	\$ 66,157	\$ 29,395	\$ 32,514

*School facilities as defined under EFCFA
(N.J.A.C.6A:26-1.2 and N.J.A.C.6A:26A-1.3)

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**

**Insurance Schedule
As of June 30, 2012
Unaudited**

Policy Type	COVERAGE	DEDUCTIBLE
School Alliance Insurance Fund:		
Blanket Building & Contents (Property)	\$50,000,000 Per Occurrence	\$1,000
Comprehensive General Liability	11,000,000 Per Occurrence	
Employee Benefit Liability	11,000,000 Per Occurrence	1,000
Comprehensive Automobile Liability	11,000,000 Per Occurrence	
Workers Compensation	5,000,000 Per Occurrence	
School Board Legal Liability	11,000,000	5,000
Excess Liability: Excludes School Board Legal Liability	5,000,000	
Crime-Blanket Employee Dishonesty	1,000,000	1,000
Per Loss member aggregate limit	400,000	
Environmental Impairment Liability	1,000,000 Incident	10,000
Non-SAIF Coverages		
Employee Dishonesty	5,000	
Student Accident Insurance	1,000,000	
Surety Bond - Board Secretary/Business Administrator	190,000	
Surety Bond - Treasurer of School Moneys	190,000	

Source: District records

Single Audit Section

T. M. Vrabel & Associates, LLC
Accountants and Auditors

K-1
Sheet 1

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President
Members of the Board of Education
Township of Allamuchy School District
County of Warren, New Jersey

We have audited the basic financial statements of the Township of Allamuchy School District as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

Management of Township of Allamuchy School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of Allamuchy School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Allamuchy School District's internal control over financial reporting. accordingly, we do not express an opinion on the effectiveness of the Township of Allamuchy's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding #2012-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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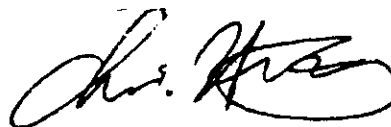
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Allamuchy School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Township of Allamuchy School District, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

September 19, 2012

T. M. Vrabel & Associates, LLC
Accountants and Auditors

K-2
Sheet 1

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Township of Allamuchy School District
County of Warren, New Jersey

Compliance

We have audited the compliance of the Township of Allamuchy School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012. Township of Allamuchy School District major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Township of Allamuchy School District's management. Our responsibility is to express an opinion on Township of Allamuchy School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Township of Allamuchy School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Township of Allamuchy School District's compliance with those requirements.

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In our opinion, the Board of Education of the Township of Allamuchy School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

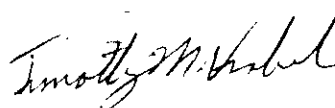
Internal Control Over Compliance

The management of Township of Allamuchy School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Township of Allamuchy School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Township of Allamuchy School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Allamuchy School District's internal control over compliance.

A *deficiency in internal control* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of Internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Township of Allamuchy School District, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

September 19, 2012

Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2012

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

**BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY**
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2012

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	Disbursements	Accounts Payable	Encumbrances	Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Due to Grantor
State Department of Education:														
General Funds:														
Categorical Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	\$ 198,600.00	\$ -	\$ -	\$ 181,258.88	\$ 198,600.00	\$ -	\$ -	\$ 198,600.00	\$ -	\$ (17,340.34)	\$ -	\$ -
Categorical Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	34,998.00	(3,128.89)	-	3,128.89	-	-	-	-	-	-	-	-
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	255,882.00	(22,878.38)	-	233,540.20	255,882.00	-	-	255,882.00	-	(22,341.80)	-	-
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	255,882.00	(22,878.38)	-	22,876.38	-	-	-	-	-	(3,086.86)	-	-
Categorical Security Aid	12-495-034-5120-084	7/1/11-6/30/12	35,354.00	(3,160.73)	-	32,871.14	35,354.00	-	-	35,354.00	-	(78,536.00)	-	-
Categorical Security Aid	11-495-034-5120-084	7/1/10-6/30/11	35,354.00	(3,160.73)	-	3,160.73	-	-	-	-	-	(12,623.70)	-	-
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	78,536.00	(38,338.00)	-	38,338.00	78,536.00	-	-	78,536.00	-	(15,916.03)	-	-
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	38,338.00	(38,338.00)	-	-	-	-	-	-	-	(150,844.73)	-	-
Non-Public Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	12,623.70	(8,352.00)	-	8,352.00	12,623.70	-	-	12,623.70	-	(15,916.03)	-	-
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	8,352.00	(8,352.00)	-	-	-	-	-	-	-	(15,916.03)	-	-
Reimbursed TPAF Social Security Contribution	12-495-034-5085-002	7/1/11-6/30/12	175,376.51	(8,984.39)	-	158,460.48	175,376.51	-	-	175,376.51	-	(15,916.03)	-	-
Reimbursed TPAF Social Security Contribution	11-495-034-5085-002	7/1/10-6/30/11	175,246.72	(8,984.39)	-	8,984.39	-	-	-	-	-	(15,916.03)	-	-
On-Behalf TPAF Pension Contributions	12-495-034-5085-001	7/1/11-6/30/12	227,771.00	-	-	227,771.00	227,771.00	-	-	227,771.00	-	-	-	-
On-Behalf TPAF Pension Contributions	11-495-034-5085-001	7/1/10-6/30/11	227,771.00	-	-	-	-	-	-	-	-	-	-	-
Total General Funds				<u>(84,840.39)</u>		<u>918,138.87</u>	<u>984,143.21</u>			<u>984,143.21</u>		<u>(150,844.73)</u>		
Special Revenue Funds:														
V-Free Mini Grant	07MLK-108AVF	7/1/06-6/30/07	1,553.00	(1,553.00)	-	-	-	-	-	-	-	(1,553.00)	-	-
Total Special Revenue Funds				<u>(1,553.00)</u>								<u>(1,553.00)</u>		
Debt Service Funds:														
Debt Service Aid - State Support	12-495-034-5120-125	7/1/11-6/30/12	42,571.00	-	-	42,571.00	42,571.00	-	-	42,571.00	-	-	-	-
Total Debt Service Funds						<u>42,571.00</u>	<u>42,571.00</u>			<u>42,571.00</u>				
Enterprise Funds:														
State School Lunch Program	12-100-010-3360-067	7/1/11-6/30/12	1,567.40	-	-	1,503.98	1,567.40	-	-	1,567.40	-	(63.42)	-	-
State School Lunch Program	11-100-010-3360-067	7/1/10-6/30/11	1,567.40	-	-	1,503.98	1,567.40	-	-	1,567.40	-	(63.42)	-	-
Total All Funds				<u>\$ (86,393.39)</u>	<u>\$ -</u>	<u>\$ 962,213.85</u>	<u>\$ 1,028,281.61</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,028,281.61</u>	<u>\$ -</u>	<u>\$ (152,461.15)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Township of Allamuchy School District Board of Education. The Board of Education is defined in Note I.B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I.E and Note I.F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(13,603.00) for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 734.00	\$973,687.21	\$ 974,421.21
Special Revenue Fund	454,028.00	-0-	454,028.00
Debt Service Fund		42,571.00	42,571.00
Food Service Fund	<u>33,856.84</u>	<u>1,567.40</u>	<u>35,424.24</u>
Total Awards and Financial Assistance	<u>\$ 488,618.84</u>	<u>\$ 1,017,825.61</u>	<u>\$ 1,506,444.45</u>

Note 4: Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified
that were not considered to be material
weaknesses? X yes none reported
- C) Noncompliance material to basic
financial statements noted? yes X no

Federal Awards Section

Not Applicable

State Financial Assistance Section

\$ 300,000.00

yes X no

Unqualified

yes X no

 yes X none reported

 yes X no

Name of State Program

Special Education Aid

Transportation Aid

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Finding 2012-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Questioned Costs:

Not Applicable

Context:

While this situation is not unusual in operations the size of the School District, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Recommendation:

Not Applicable

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Federal Awards -- Not Applicable

State Financial Assistance – Not Applicable

BOARD OF EDUCATION
TOWNSHIP OF ALLAMUCHY
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING 2011-1

Conditions:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Current Status:

Unchanged – See Finding #2012-1.