

ALLENDALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Allendale, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Allendale Board of Education
Allendale, New Jersey
For The Fiscal Year Ended June 30, 2010**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

*ALLENDALE BOARD OF EDUCATION
Ruthann Quinn, Interim School Business Administrator
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Allendale, New Jersey 07401
Phone (201) 327-2020 Fax (201)825-6553
rquinn@allendaleschoolsnj.com*

December 1, 2010

Honorable President and
Members of the Board of Education
Borough of Allendale School District
County of Bergen
Allendale, New Jersey

The comprehensive annual financial report of the Borough of Allendale School District (District) for the fiscal year ended June 30, 2010, 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 Board of Education (Board). 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 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 required supplementary information, as well as the auditors' 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 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations"; and New Jersey OMB Circular Letter 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. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1. DESCRIPTION OF THE MUNICIPALITY: The Borough of Allendale is located approximately 20 miles north of the George Washington Bridge in the northwestern section of Bergen County, New Jersey. Incorporated in 1894, the Borough is primarily a residential community, with a large number of commuters who take advantage of a reliable commuter transportation system. The Borough is bordered by the Boroughs of Ramsey, Saddle River and Waldwick, as well as Mahwah and Wyckoff Townships. The Borough of Allendale encompasses 3.13 square miles with a density factor of approximately 2,145 persons per square mile, based upon the Borough's 2008 estimated population of 6,618 persons.

1. DESCRIPTION OF THE MUNICIPALITY: (Continued)

The District is served by major transportation routes, including Routes 17, 502 and 507, as well as Interstates 87 and 287, along with a network of other county roads. Metropolitan airports are within fairly easy commuting distance. Nearby rail and bus service for commuting are also available.

2. REPORTING ENTITY AND ITS SERVICES: The Borough of Allendale School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Borough of Allendale Board of Education and all its schools constitute the District's reporting entity.

The school district has two schools and utilizes a Kindergarten-Grade Three, Grades Four-Eight configuration and provides a full range of educational services. These include regular as well as special education for special needs students. The District completed the 2009-2010 fiscal year with an average daily enrollment of 944 students, which is 10 less than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last eight years.

Fiscal Year	Student Enrollment	Percent Change
2009-2010	944	(1.04%)
2008-2009	954	(3.73%)
2007-2008	997	(3.39%)
2006-2007	1,032	(3.7%)
2005-2006	1,072	(1.4%)
2004-2005	1,087	(1.4%)
2003- 2004	1,102	(0.64%)
2002-2003	1,109	

3. ECONOMIC CONDITION AND OUTLOOK: The Borough of Allendale the Borough of Allendale is managing within the confines of the region's downturn in the economy. The Borough's unemployment rate experience is 2.7% lower than the national average. While the County of Bergen, at \$61,125, has the third highest per capita personal income within the state, the northwestern section of the County, in which Allendale is located, continues to have one of the highest per capita personal incomes within the County.

4. MAJOR INITIATIVES: The Allendale School District prides itself on being an exemplary school system. Various rating groups have ranked both the K-8 district and the regional high school, located in the Borough, as the best in New Jersey. State of the art programs exist throughout the school system, and student achievement is extraordinarily high when compared to all reference groups. The focus of the school district, however, is equally dedicated to providing a well-rounded educational experience to its students, together with many opportunities for exploration and experimentation. The District also provides a wide array of services for special needs students as well as for those in accelerated programs.

5. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that 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 principals (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 judgements by management.

As a recipient of federal and state financial assistance, the District is also 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.

6. 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 projects 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30.

7. 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. These funds are explained in "Notes to the Basic Financial Statements".

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit 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 funds are secured in accordance with the Act.

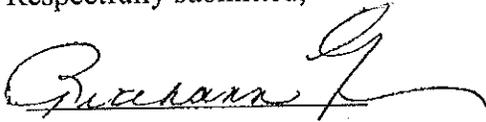
9. RISK MANAGEMENT: The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was appointed by 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 as amended, the Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA), USOMB Circular A-133, New Jersey and OMB Circular Letter 04-04. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Allendale School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to 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 financial and accounting staff.

Respectfully submitted,

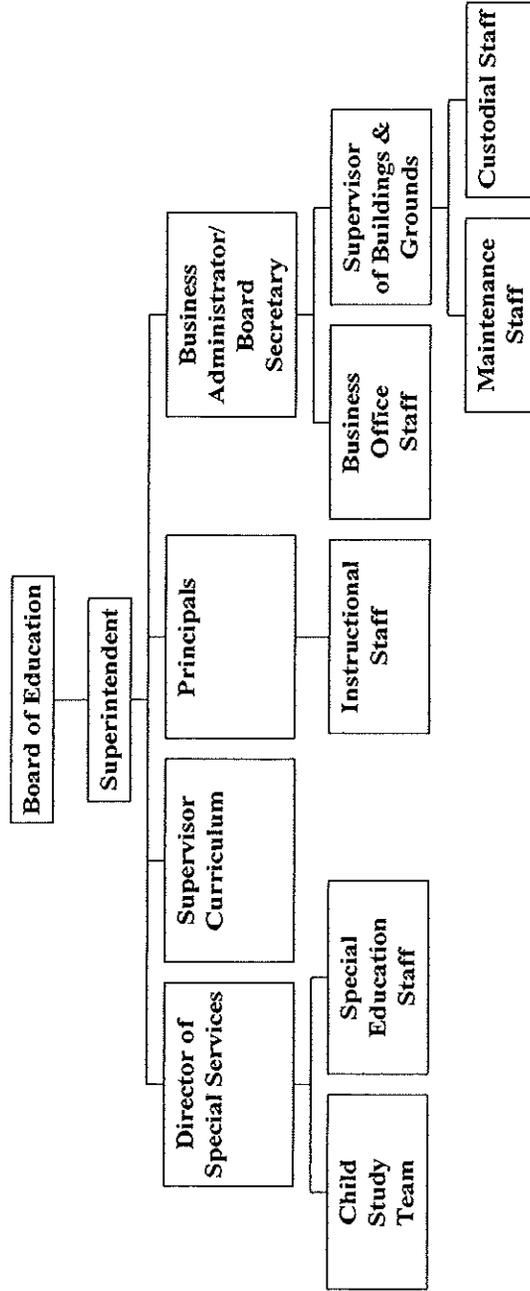


Ruthann Quinn, RSBA
Interim School Business Administrator



Lawrence V. Hughes
Interim Superintendent

**BOROUGH OF ALLENDALE BOARD OF EDUCATION
Organization Chart
(Unit Control)**



**BOROUGH OF ALLENDALE BOARD OF EDUCATION
BOROUGH OF ALLENDALE, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Melissa Duncan, President	2013
Patricia Malloy-Blomberg, Vice President	2011
Lynn Barsamian	2012
John Geraghty	2013
Mark McAuliffe	2012

Other Officials

Jerilyn M. Caprio, Ed.D, Superintendent
Ruthann Quinn, Interim School Business Administrator/Board Secretary
Maureen Alissa Mayer, Treasurer

BOROUGH OF ALLENDALE SCHOOL DISTRICT

Consultants & Advisors

June 30, 2010

District Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, New Jersey 07410

Official Depositories

TD Bank/Commerce
63 West Allendale Avenue
Allendale, New Jersey 07401

State of New Jersey
Cash Management Fund
CN 290
Trenton, New Jersey 08625

NJ ARM
3625 Nottingham Way
Hamilton, New Jersey 08690

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

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GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Allendale Board of Education
Allendale, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

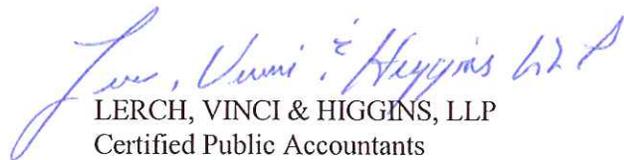
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Allendale Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Allendale Board of Education as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 December 1, 2010 on our consideration of the Allendale Board of Education'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.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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 Allendale Board of Education's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, 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. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance 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, financial schedules and statistical section 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.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
December 1, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

This discussion and analysis of the Allendale School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2010. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2009/2010 year are as follows:

- **District-Wide Statements** - General revenues accounted for \$13,889,116 or 85 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,547,535 or 15 percent of total revenues of \$16,436,651.
- **District-Wide Statements** - The School District had \$14,626,914 in expenses; only \$2,547,535 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,889,116 were adequate to provide for these programs.
- **Fund Financials** - As of the close of the current fiscal year, the Allendale Board of Education's governmental funds reported combined ending fund balances of \$4,571,559, a increase of \$1,288,102 in comparison with the prior year.
- **Fund Financials** - At the end of June 30, 2010, unreserved/undesignated fund balance (budgetary basis) for the General Fund was \$558,275, a decrease of \$43,920.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Allendale Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Allendale Board of Education, reporting the Allendale Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Allendale Board of Education operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Allendale Board of Education's financial statements, including the portion of the Allendale Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Allendale Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Allendale Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

District-wide Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund and Summer Music Program Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund and Summer Music Program Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund Scholarship Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF EDUCATION AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school district's net assets for fiscal years 2010 and 2009. For 2010 and 2009 net assets were \$7,379,564 and \$5,569,827, respectively.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Table A-1
Statement of Net Assets
As of June 30, 2010 and 2009

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 4,738,782	\$ 3,815,338	\$ 67,127	\$ 137,519	\$ 4,805,909	\$ 3,952,857
Capital Assets	<u>11,412,278</u>	<u>11,544,099</u>	<u>27,049</u>	<u>18,106</u>	<u>11,439,327</u>	<u>11,562,205</u>
Total Assets	<u>16,151,060</u>	<u>15,359,437</u>	<u>94,176</u>	<u>155,625</u>	<u>16,245,236</u>	<u>15,515,062</u>
Current Liabilities	207,084	612,568	2,348	43,334	209,432	655,902
Noncurrent Liabilities	<u>8,656,240</u>	<u>9,289,333</u>	<u>-</u>	<u>-</u>	<u>8,656,240</u>	<u>9,289,333</u>
Total Liabilities	<u>8,863,324</u>	<u>9,901,901</u>	<u>2,348</u>	<u>43,334</u>	<u>8,865,672</u>	<u>9,945,235</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	3,876,300	3,404,197	27,049	18,106	3,903,349	3,422,303
Restricted	3,101,631	1,503,639			3,101,631	1,503,639
Unrestricted	<u>309,805</u>	<u>549,700</u>	<u>64,779</u>	<u>94,185</u>	<u>374,584</u>	<u>643,885</u>
Total Net Assets	<u>\$ 7,287,736</u>	<u>\$ 5,457,536</u>	<u>\$ 91,828</u>	<u>\$ 112,291</u>	<u>\$ 7,379,564</u>	<u>\$ 5,569,827</u>

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. Governmental activities increased the District's net assets by \$1,830,200. Key elements of this increase are as follows:

Table A-2 shows the changes in net assets for fiscal years ended June 30, 2010 and 2009.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues						
Charges for Services	\$ 122,981	\$ 141,775	\$ 235,918	\$ 220,959	\$ 358,899	\$ 362,734
Operating Grants and Contributions	2,162,180	1,576,156	26,456	26,595	2,188,636	1,602,751
General Revenues						
Property Taxes, Levied for:						
General Purposes	12,770,397	12,490,766			12,770,397	12,490,766
Debt Service	888,093	896,664			888,093	896,664
Unrestricted State Aid	-	4,618			-	4,618
Restricted State Aid - Debt Service	144,668	145,368			144,668	145,368
Interest	31,872	46,067	596	1,023	32,468	47,090
Miscellaneous	53,490	14,808	-	-	53,490	14,808
Total Revenues	<u>16,173,681</u>	<u>15,316,222</u>	<u>262,970</u>	<u>248,577</u>	<u>16,436,651</u>	<u>15,564,799</u>
Expenses						
Instruction						
Regular	6,291,655	6,154,437			6,291,655	6,154,437
Special Education	1,426,920	1,804,129			1,426,920	1,804,129
Other Instruction	370,459	474,987			370,459	474,987
School Sponsored Activities and Ath.	114,148	112,555			114,148	112,555
Support Services						
Student and Instruction Related Serv.	2,062,727	1,977,978			2,062,727	1,977,978
Health Services	191,585	171,609			191,585	171,609
Attendance and Social Work	30,401				30,401	
Educational Media/School Library	197,452	175,559			197,452	175,559
General Administrative Services	503,373	562,486			503,373	562,486
School Administrative Services	669,644	621,985			669,644	621,985
Plant Operations and Maintenance	1,565,254	1,620,050			1,565,254	1,620,050
Pupil Transportation	177,097	221,040			177,097	221,040
Central Services	413,062	462,015			413,062	462,015
Interest on Long-Term Debt	329,704	386,273			329,704	386,273
Food Services			233,552	181,155	233,552	181,155
Summer Music - Non Major	-	-	49,881	39,980	49,881	39,980
Total Expenses	<u>14,343,481</u>	<u>14,745,103</u>	<u>283,433</u>	<u>221,135</u>	<u>14,626,914</u>	<u>14,966,238</u>
Change in Net Assets	1,830,200	571,119	(20,463)	27,442	1,809,737	598,561
Net Assets, Beginning of Year	<u>5,457,536</u>	<u>4,886,417</u>	<u>112,291</u>	<u>84,849</u>	<u>5,569,827</u>	<u>4,971,266</u>
Net Assets, End of Year	<u>\$ 7,287,736</u>	<u>\$ 5,457,536</u>	<u>\$ 91,828</u>	<u>\$ 112,291</u>	<u>\$ 7,379,564</u>	<u>\$ 5,569,827</u>

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Governmental activities. The District's total governmental revenues were \$16,173,681. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$13,888,520 or 86% of total revenues. Funding from state and federal sources amounted to \$2,162,180 or 13%. Charges for services amounted to \$122,981 or 1% (see Table A-2).

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$8,203,182 (57%), student support services totaled \$5,810,595 (41%) and interest on long-term debt total \$329,704 (2%) of total expenditures. (See Table A-2.)

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2010

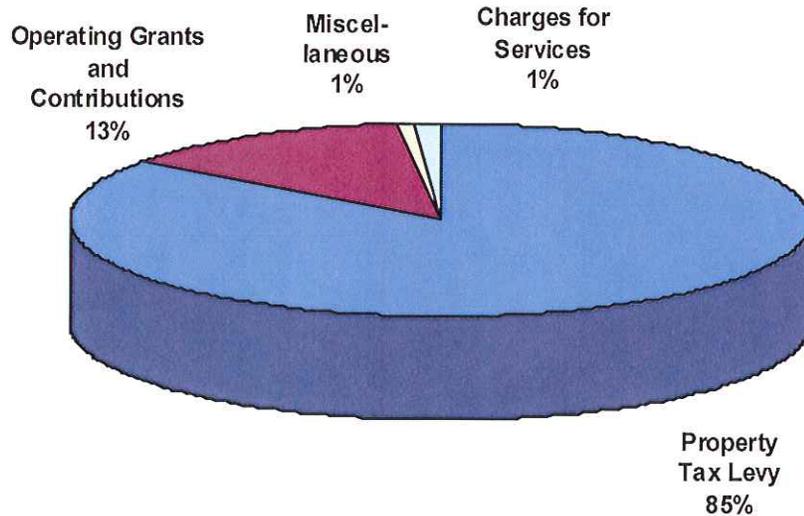
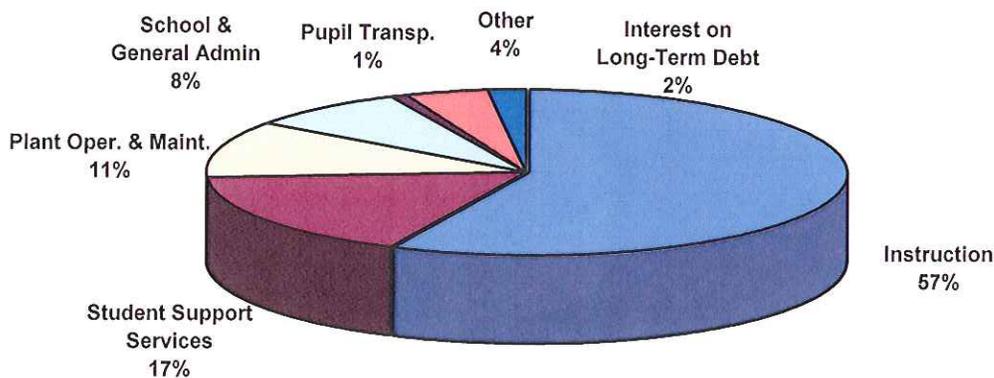


Table A-2 Expenditures by Type- Governmental Activities
For Fiscal Year 2010



**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2010 and 2009**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Instruction				
Regular	\$ 6,291,655	\$ 6,154,437	\$ 5,757,403	\$ 5,748,639
Special Education	1,426,920	1,804,129	235,800	917,589
Other Instruction	370,459	474,987	342,364	440,490
School Sponsored Activities and Athletics	114,148	112,555	106,893	106,098
Support Services				
Student and Instruction Related Services	2,062,727	1,977,978	1,864,688	1,824,521
Health Services	191,585	171,609	177,368	159,395
Attendance and Social Work	30,401		27,958	
Educational Media/School Library	197,452	175,559	184,054	163,886
General Administrative Services	503,373	562,486	476,599	535,839
School Administrative Services	669,644	621,985	619,431	577,786
Plant Operations and Maintenance	1,565,254	1,620,050	1,392,851	1,547,313
Pupil Transportation	177,097	221,040	154,417	188,283
Central Services	413,062	462,015	388,790	431,060
Interest on Long-Term Debt	329,704	386,273	329,704	386,273
Total Governmental Activities	<u>\$ 14,343,481</u>	<u>\$ 14,745,103</u>	<u>\$ 12,058,320</u>	<u>\$ 13,027,172</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2010 was \$283,433. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an decrease in net assets of \$20,463.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$4,571,559. In 2008-2009 the fund balance was \$3,283,457.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$16,173,681 and expenditures were \$14,885,579.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 13,872,370	\$ 13,613,872	\$ 258,498	1.9%
State Sources	1,997,345	1,466,693	530,652	36.2%
Federal Sources	<u>303,966</u>	<u>235,657</u>	<u>68,309</u>	29.0%
 Total Revenues	 <u>\$ 16,173,681</u>	 <u>\$ 15,316,222</u>	 <u>\$ 857,459</u>	 5.6%

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 7,933,274	\$ 8,251,540	\$ (318,266)	(3.9)%
Undistributed	5,639,166	5,645,607	(6,441)	(0.1)%
Capital Outlay	280,379	684,051	(403,672)	(59.0)%
Debt Service	<u>1,032,760</u>	<u>1,042,032</u>	<u>(9,272)</u>	<u>(0.9)%</u>
 Total Expenditures	 <u>\$ 14,885,579</u>	 <u>\$ 15,623,230</u>	 <u>\$ (737,651)</u>	 <u>(4.7)%</u>

The significant fluctuation between June 30, 2009 and June 30, 2010 expenditures is attributable to the decrease in capital outlay expenditures.

General and Special Revenue Fund

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize additional tuition revenues that were not anticipated and to prevent overexpenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Property, liability, and medical insurances were renewed at higher rates. While adequately budgeted for, it should be noted that this represents a national trend in all major areas of the insurance industry.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Capital Assets. The Allendale Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2010 amounts to \$11,439,327 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment and construction in progress.

**Table A-4
Capital Assets (net of depreciation)
at June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Building & Bldg. Improvements	\$ 15,818,467	\$ 15,564,283			\$ 15,818,467	\$ 15,564,283
Furniture, Equipment & Vehicles	<u>1,207,809</u>	<u>1,181,614</u>	\$ 77,992	\$ 67,947	<u>1,285,801</u>	<u>1,249,561</u>
Total	17,026,276	16,745,897	77,992	67,947	17,104,268	16,813,844
Less: Accumulated Depreciation	<u>5,613,998</u>	<u>5,201,798</u>	<u>50,943</u>	<u>49,841</u>	<u>5,664,941</u>	<u>5,251,639</u>
Total	<u>\$ 11,412,278</u>	<u>\$ 11,544,099</u>	<u>\$ 27,049</u>	<u>\$ 18,106</u>	<u>\$ 11,439,327</u>	<u>\$ 11,562,205</u>

Additional information on Allendale Board of Education's capital assets can be found in Note 3 of this report.

Debt Administration. As of June 30, 2010 the school district had long-term debt and outstanding long-term liabilities in the amount of \$8,656,240 as stated in Table A-5.

Long-Term Liabilities

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Serial Bonds	\$ 8,486,000	\$ 9,146,000
Compensated Absences Payable	<u>170,240</u>	<u>143,333</u>
Total	<u>\$ 8,656,240</u>	<u>\$ 9,289,333</u>

Additional information on Allendale Board of Education's long-term debt can be found in Note 3.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

FOR THE FUTURE

Currently, the District is in superior financial condition. Everyone associated with the Allendale School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

These factors were considered in preparing the Allendale Public School District's budgets for the 2010-2011 fiscal year.

- Estimated Student Enrollment
- Sources of Revenue
- Costs of Negotiated Salaries and Benefits
- Cost of Fixed Charges
- Mandated Programs
- Requirements for Health and Safety Issues

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Allendale Public School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ruthann Quinn
Interim School Business Administrator/Board Secretary
Allendale Board of Education
100 Brookside Avenue
Allendale, NJ 07404

BASIC FINANCIAL STATEMENTS

ALLENDALE BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,547,155	\$ 52,271	\$ 4,599,426
Receivables, Net	156,977	12,426	169,403
Inventory		2,430	2,430
Deferred Charges	34,650		34,650
Capital Assets, Being Depreciated, Net	<u>11,412,278</u>	<u>27,049</u>	<u>11,439,327</u>
Total Assets	<u>16,151,060</u>	<u>94,176</u>	<u>16,245,236</u>
LIABILITIES			
Accounts Payable	117,076	1,878	118,954
Unearned Revenue	15,497	470	15,967
Accrued Interest Payable	74,511		74,511
Noncurrent Liabilities			
Due Within One Year	744,484		744,484
Due Beyond One Year	<u>7,911,756</u>	<u>-</u>	<u>7,911,756</u>
Total Liabilities	<u>8,863,324</u>	<u>2,348</u>	<u>8,865,672</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,876,300	27,049	3,903,349
Restricted for			
Capital Projects	1,910,692		1,910,692
Debt Service	390,939		390,939
Facility Maintenance	800,000		800,000
Unrestricted	<u>309,805</u>	<u>64,779</u>	<u>374,584</u>
Total Net Assets	<u>\$ 7,287,736</u>	<u>\$ 91,828</u>	<u>\$ 7,379,564</u>

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

ALLENDALE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	Total
Governmental Activities							
Instruction							
Regular	\$ 6,291,655	\$ 58,350	\$ 475,902		\$ (5,757,403)	\$	\$ (5,757,403)
Special Education	1,426,920	64,631	1,126,489		(235,800)		(235,800)
Other Instruction	370,459		28,095		(342,364)		(342,364)
School Sponsored Activities and Athletics Support Services	114,148		7,255		(106,893)		(106,893)
Student and Instruction Related Services	2,062,727		198,039		(1,864,688)		(1,864,688)
Health Services	191,585		14,217		(177,368)		(177,368)
Attendance and Social Workers	30,401		2,443		(27,958)		(27,958)
Educational Media	197,452		13,398		(184,054)		(184,054)
General Administrative Services	503,373		26,774		(476,599)		(476,599)
School Administrative Services	669,644		50,213		(619,431)		(619,431)
Plant Operations and Maintenance	1,565,254		172,403		(1,392,851)		(1,392,851)
Pupil Transportation	177,097		22,680		(154,417)		(154,417)
Central Services	413,062		24,272		(388,790)		(388,790)
Interest on Debt	329,704		-		(329,704)		(329,704)
Total Governmental Activities	14,343,481	122,981	2,162,180	-	(12,058,320)	-	(12,058,320)
Business-Type Activities							
Food Service	233,552	187,178	26,456	-	-	\$ (19,918)	(19,918)
Summer Music - Non-Major	49,881	48,740	-	-	-	(1,141)	(1,141)
Total Business-Type Activities	283,433	235,918	26,456	-	-	(21,059)	(21,059)
Total Primary Government	\$ 14,626,914	\$ 358,899	\$ 2,188,636	\$ -	(12,058,320)	(21,059)	(12,079,379)
General Revenues							
Property Taxes, Levied for General Purposes					12,770,397		12,770,397
Taxes Levied for Debt Service					888,093		888,093
State Aid Restricted for Debt Service					144,668		144,668
Interest Earned					31,872	596	32,468
Miscellaneous Income					53,490	-	53,490
Total General Revenues					13,888,520	596	13,889,116
Change in Net Assets					1,830,200	(20,463)	1,809,737
Net Assets, Beginning of Year					5,457,536	112,291	5,569,827
Net Assets, End of Year					\$ 7,287,736	\$ 91,828	\$ 7,379,564

FUND FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,984,944		\$ 172,063	\$ 390,148	\$ 4,547,155
Due from Other Funds	49,445			791	50,236
Receivables from Other Governments	<u>21,935</u>	<u>\$ 62,694</u>	<u>70,100</u>	<u>-</u>	<u>154,729</u>
Total Assets	<u>\$ 4,056,324</u>	<u>\$ 62,694</u>	<u>\$ 242,163</u>	<u>\$ 390,939</u>	<u>\$ 4,752,120</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 117,076				\$ 117,076
Due to Other Funds		\$ 47,197	\$ 791		47,988
Deferred Revenue	<u>-</u>	<u>15,497</u>	<u>-</u>	<u>-</u>	<u>15,497</u>
Total Liabilities	<u>117,076</u>	<u>62,694</u>	<u>791</u>	<u>-</u>	<u>180,561</u>
Fund Balances					
Reserved for					
Encumbrances	285,665				285,665
Capital Reserve	1,601,592				1,601,592
Capital Reserve - Designated for Subsequent Year's Expenditures	304,100				304,100
Maintenance Reserve	650,000				650,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	150,000				150,000
Emergency Reserve Account	130,000				130,000
Excess Surplus	236,415				236,415
Unreserved					
Designated for Subsequent Year Expenditure	416,447			\$ 390,147	806,594
Undesignated, Reported in General Fund	165,029				165,029
Debt Service Fund				792	792
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>241,372</u>	<u>-</u>	<u>241,372</u>
Total Fund Balances	<u>3,939,248</u>	<u>-</u>	<u>241,372</u>	<u>390,939</u>	<u>4,571,559</u>
Total Liabilities and Fund Balances	<u>\$ 4,056,324</u>	<u>\$ 62,694</u>	<u>\$ 242,163</u>	<u>\$ 390,939</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,026,276 and the accumulated depreciation is \$5,613,998. 11,412,278

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is: (74,511)

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. Long-term liabilities at year end consist of the following:

General Obligation Bonds Payable	\$ 8,486,000	
Cost of Issuance	(34,650)	
Compensated Absences Payable	<u>170,240</u>	
		<u>(8,621,590)</u>

Net assets of governmental activities (Exhibit A-1) \$ 7,287,736

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,770,397			\$ 888,093	\$ 13,658,490
Tuition Charges	122,981				122,981
Interest Earned	31,081		\$ 791		31,872
Miscellaneous	<u>53,490</u>	<u>\$ 5,537</u>	<u>-</u>	<u>-</u>	<u>59,027</u>
Total - Local Sources	<u>12,977,949</u>	<u>5,537</u>	<u>791</u>	<u>888,093</u>	<u>13,872,370</u>
State Sources	1,782,577		70,100	144,668	1,997,345
Federal Sources	<u>-</u>	<u>303,966</u>	<u>-</u>	<u>-</u>	<u>303,966</u>
Total Revenues	<u>14,760,526</u>	<u>309,503</u>	<u>70,891</u>	<u>1,032,761</u>	<u>16,173,681</u>
EXPENDITURES					
Instruction					
Regular	6,051,482				6,051,482
Special Education	1,193,224	223,125			1,416,349
Other Instruction	355,228				355,228
School Sponsored Activities and Athletics	110,215				110,215
Support Services					
Student and Instruction Related Services	1,920,194	76,808			1,997,002
Health Services	182,553				182,553
Attendance and Social Work	30,401				30,401
Educational Media/School Library	190,188				190,188
General Administrative Services	488,858				488,858
School Administrative Services	642,421				642,421
Plant Operations and Maintenance	1,530,743				1,530,743
Pupil Transportation	177,097				177,097
Central Services	399,903				399,903
Debt Service					
Principal				660,000	660,000
Interest and Other Charges				372,760	372,760
Capital Outlay	<u>16,625</u>	<u>9,570</u>	<u>254,184</u>	<u>-</u>	<u>280,379</u>
Total Expenditures	<u>13,289,132</u>	<u>309,503</u>	<u>254,184</u>	<u>1,032,760</u>	<u>14,885,579</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,471,394</u>	<u>-</u>	<u>(183,293)</u>	<u>1</u>	<u>1,288,102</u>
OTHER FINANCING SOURCES (USES)					
Transfers In			105,150	791	105,941
Transfers Out	<u>(105,150)</u>	<u>-</u>	<u>(791)</u>	<u>-</u>	<u>(105,941)</u>
Total Other Financing Sources and Uses	<u>(105,150)</u>	<u>-</u>	<u>104,359</u>	<u>791</u>	<u>-</u>
Net Change in Fund Balances	1,366,244	-	(78,934)	792	1,288,102
Fund Balance, Beginning of Year	<u>2,573,004</u>	<u>-</u>	<u>320,306</u>	<u>390,147</u>	<u>3,283,457</u>
Fund Balance, End of Year	<u>\$ 3,939,248</u>	<u>\$ -</u>	<u>\$ 241,372</u>	<u>\$ 390,939</u>	<u>\$ 4,571,559</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

ALLENDALE BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,288,102

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 280,379	
Depreciation Expense	<u>(412,200)</u>	
		(131,821)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences		(26,907)
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		660,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest	43,056	
Amortization of Deferred Charge on Issuance Costs	<u>(2,230)</u>	
		<u>40,826</u>

Change in net assets of governmental activities (Exhibit A-2) **\$ 1,830,200**

**ALLENDALE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 50,496	\$ 1,775	\$ 52,271
Intergovernmental Receivable			
State	167		167
Federal	1,373		1,373
Other	10,886		10,886
Inventories	<u>2,430</u>	<u>-</u>	<u>2,430</u>
Total Current Assets	<u>65,352</u>	<u>1,775</u>	<u>67,127</u>
Capital Assets			
Furniture, Machinery & Equipment	77,992		77,992
Less: Accumulated Depreciation	<u>(50,943)</u>	<u>-</u>	<u>(50,943)</u>
Total Capital Assets, Net	<u>27,049</u>	<u>-</u>	<u>27,049</u>
Total Assets	<u>92,401</u>	<u>1,775</u>	<u>94,176</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	42		42
Due to Other Funds		1,836	1,836
Unearned Revenue	<u>-</u>	<u>470</u>	<u>470</u>
Total Current Liabilities	<u>42</u>	<u>2,306</u>	<u>2,348</u>
NET ASSETS			
Invested in Capital Assets	27,049		27,049
Unrestricted	<u>65,310</u>	<u>(531)</u>	<u>64,779</u>
Total Net Assets	<u>\$ 92,359</u>	<u>\$ (531)</u>	<u>\$ 91,828</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Program Fees		\$ 48,740	\$ 48,740
Daily Sales - Reimbursable Programs	\$ 186,539		186,539
Special Functions	<u>639</u>	<u>-</u>	<u>639</u>
Total Operating Revenues	<u>187,178</u>	<u>48,740</u>	<u>235,918</u>
OPERATING EXPENSES			
Cost of Sales	126,559		126,559
Salaries	60,586	40,856	101,442
Employee Benefits	25,073	2,986	28,059
Purchased Services	13,542	2,500	16,042
General Supplies	6,690	3,539	10,229
Depreciation	<u>1,102</u>	<u>-</u>	<u>1,102</u>
Total Operating Expenses	<u>233,552</u>	<u>49,881</u>	<u>283,433</u>
Operating Loss	<u>(46,374)</u>	<u>(1,141)</u>	<u>(47,515)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	2,256		2,256
Federal Sources			
National School Lunch Program	22,598		22,598
Special Milk Program	1,602		1,602
Interest and Investment Revenue	<u>566</u>	<u>30</u>	<u>596</u>
Total Nonoperating Revenues	<u>27,022</u>	<u>30</u>	<u>27,052</u>
Change in Net Assets	(19,352)	(1,111)	(20,463)
Net Assets, Beginning of Year	<u>111,711</u>	<u>580</u>	<u>112,291</u>
Net Assets, End of Year	<u>\$ 92,359</u>	<u>\$ (531)</u>	<u>\$ 91,828</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 186,182	\$ 6,173	\$ 192,355
Cash Payments for Employees' Salaries and Benefits	(85,659)	(42,006)	(127,665)
Cash Payments to Suppliers for Goods and Services	<u>(142,054)</u>	<u>(2,552)</u>	<u>(144,606)</u>
Net Cash Used by Operating Activities	<u>(41,531)</u>	<u>(38,385)</u>	<u>(79,916)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>23,337</u>	<u>-</u>	<u>23,337</u>
Net Cash Provided by Noncapital Financing Activities	<u>23,337</u>	<u>-</u>	<u>23,337</u>
Cash Flows from Capital Financing Activities			
Purchase of Capital Assets	<u>(10,045)</u>	<u>-</u>	<u>(10,045)</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>(10,045)</u>	<u>-</u>	<u>(10,045)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>566</u>	<u>30</u>	<u>566</u>
Net Cash Provided by Investing Activities	<u>566</u>	<u>30</u>	<u>566</u>
Net Decrease in Cash and Cash Equivalents	(27,673)	(38,355)	(66,058)
Cash and Cash Equivalents, Beginning of Year	<u>78,169</u>	<u>40,130</u>	<u>78,169</u>
Cash and Cash Equivalents, End of Year	<u>\$ 50,496</u>	<u>\$ 1,775</u>	<u>\$ 52,271</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Loss	\$ (46,374)	\$ (1,141)	\$ (47,515)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation	1,102		1,102
USDA Commodities - Non-Cash Assistance	5,653		5,653
Changes in Assets and Liabilities			
(Increase)/Decrease in Prepaid Expenses		3,487	3,487
(Increase)/Decrease in Inventory	(661)		(661)
(Increase)/Decrease in Other Accounts Receivables	(996)		(996)
Increase/(Decrease) in Accounts Payable	(255)	1,836	1,581
Increase/(Decrease) in Deferred Revenue	<u>-</u>	<u>(42,567)</u>	<u>(42,567)</u>
Total Adjustments	<u>4,843</u>	<u>(37,244)</u>	<u>(32,401)</u>
Net Cash Used by Operating Activities	<u>\$ (41,531)</u>	<u>\$ (38,385)</u>	<u>\$ (79,916)</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	<u>\$ 5,653</u>	<u>\$ -</u>	<u>\$ 5,653</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 267,636	\$ 858	\$ 36,104
Total Assets	<u>267,636</u>	<u>858</u>	<u>\$ 36,104</u>
LIABILITIES			
Due to Other Funds			\$ 411
Due to Student Groups			16,311
Due to State of New Jersey	12,831		
Accrued Salaries and Wages			227
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>19,155</u>
Total Liabilities	<u>12,831</u>	<u>-</u>	<u>\$ 36,104</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 254,805</u>	<u>\$ 858</u>	

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Plan Member	\$ 3,252	
District Contribution	<u>345,000</u>	<u>-</u>
Total Contributions	<u>348,252</u>	<u>-</u>
Investment Earnings		
Interest	<u>525</u>	<u>\$ 2</u>
Net Investment Earnings	<u>525</u>	<u>2</u>
Total Additions	<u>348,777</u>	<u>2</u>
DEDUCTIONS		
Quarterly Contribution Reports	100,066	
Scholarships Awarded	<u>-</u>	<u>111</u>
Total Deductions	<u>100,066</u>	<u>111</u>
Change in Net Assets	248,711	(109)
Net Assets, Beginning of Year	<u>6,094</u>	<u>967</u>
Net Assets, End of Year	<u>\$ 254,805</u>	<u>\$ 858</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Allendale Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Allendale Board of Education this includes general operations, food service, summer music programs and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the Agency Fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the school milk and lunch programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and music program fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education due to a separate agreement between Region I Schools.

Tuition Expenditures - Tuition charges for the fiscal years 2008-2009 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education due to a separate agreement between Region I Schools.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	7-50
Furniture, Equipment and Vehicles	5-20
Computer Equipment	5

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity*

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

Reserved for Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Reserved for Capital Reserve Account – This reserve was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Reserved for Maintenance Reserve – This reserve was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Reserved for Emergency Reserve – This reserve was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Reserved for Excess Surplus – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

Designations of fund balance represent tentative management plans that are subject to change.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2010/2011 District budget certified for taxes.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2009/2010. During 2009/2010 the Board increased the original budget by \$345,159. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of the certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Deficit Fund Equity

The Summer Music Enterprise Fund has a cumulative net assets deficit of \$531 as of June 30, 2010. This deficit will be provided for in the 2010/2011 General Fund budget.

C. Capital Reserve Account

A capital reserve account was established by the District on June 28, 2000. The accumulation of funds will be used for 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. 6:23A-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.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve Account (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Beginning Balance, July 1, 2009		\$ 1,048,404
Increases		
Interest Earnings	\$ 1,647	
Deposits Approved by Voters in District Budget	160,791	
Deposits Approved by Board Resolution	<u>800,000</u>	
		<u>962,438</u>
		2,010,842
Withdrawals		
Approved by Voters in District Budget		<u>105,150</u>
Ending Balance, June 30, 2010		<u>\$ 1,905,692</u>

The June 30, 2010 LRFPP balance of local support costs of uncompleted capital projects is \$3,623,847. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is \$236,415. This amount will be appropriated in the 2010/2011 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was \$3,550,647 and bank balances of the Board's cash and deposits amounted to \$5,444,278. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>5,444,278</u>

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2010, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	
New Jersey ARM (Cash Equivalent)	\$ <u>1,353,377</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing it’s exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices; however, the District’s investments are not exposed to credit risk.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of year-end for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:					
Accounts - Other				\$ 10,886	\$ 10,886
Intergovernmental	\$ 21,935	\$ 62,694	\$ 70,100	1,540	156,269
Gross Receivables	21,935	62,694	70,100	12,426	167,155
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 21,935</u>	<u>\$ 62,694</u>	<u>\$ 70,100</u>	<u>\$ 12,426</u>	<u>\$ 167,155</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	<u>\$15,497</u>
Total deferred revenue for governmental funds	<u>\$15,497</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance, July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2010</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings and Improvements	\$ 15,564,283	\$ 254,184		\$ 15,818,467
Machinery and Equipment	<u>1,181,614</u>	<u>26,195</u>	-	<u>1,207,809</u>
Total capital assets being depreciated	<u>16,745,897</u>	<u>280,379</u>	-	<u>17,026,276</u>
Less accumulated depreciation for:				
Buildings and Improvements	(4,642,116)	(330,799)		(4,972,915)
Furniture, Equipment and Vehicles	<u>(559,682)</u>	<u>(81,401)</u>	-	<u>(641,083)</u>
Total accumulated depreciation	<u>(5,201,798)</u>	<u>(412,200)</u>	-	<u>(5,613,998)</u>
Total capital assets, being depreciated, net	<u>11,544,099</u>	<u>(131,821)</u>	-	<u>11,412,278</u>
Government activities capital assets, net	<u>\$ 11,544,099</u>	<u>\$ (131,821)</u>	<u>\$ -</u>	<u>\$ 11,412,278</u>

ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 67,947	\$ 10,045	-	\$ 77,992
Total capital assets being depreciated	<u>67,947</u>	<u>10,045</u>	<u>-</u>	<u>77,992</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(49,841)</u>	<u>(1,102)</u>	<u>-</u>	<u>(50,943)</u>
Total accumulated depreciation	<u>(49,841)</u>	<u>(1,102)</u>	<u>-</u>	<u>(50,943)</u>
Total capital assets, being depreciated, net	<u>18,106</u>	<u>8,943</u>	<u>-</u>	<u>27,049</u>
Business-type activities capital assets, net	<u>\$ 18,106</u>	<u>\$ 8,943</u>	<u>\$ -</u>	<u>\$ 27,049</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Instruction	
Regular	\$ 223,362
Special	9,922
Other Instruction	14,298
School-Sponsored/Other Instructional	<u>3,692</u>
 Total Instruction	 <u>251,274</u>

Support Services	
Student and Instruction Related Services	61,699
Health Services	8,478
Education Media/School Library	6,819
General Administration	13,626
School Administration	25,555
Operations and Maintenance of Plant	32,396
Central Services	<u>12,353</u>

Total Support Services	<u>160,926</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 412,200</u>
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Business-type activities:

Food Service Fund	<u>\$ 1,102</u>
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ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency	\$ 411
General Fund	Special Revenue	47,197
General Fund	Summer Music Program	1,837
Debt Service Fund	Capital Projects	<u>791</u>
Total		<u>\$ 50,236</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>		
	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 105,150		\$ 105,150
Capital Projects Fund	<u>-</u>	<u>\$ 791</u>	<u>791</u>
	<u>\$ 105,150</u>	<u>\$ 791</u>	<u>\$ 105,941</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Operating Leases

The District leases computers, copiers and related equipment under noncancelable operating leases. Lease payments for the year ended June 30, 2010 were \$38,268. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2011	\$ 38,268
2012	<u>31,890</u>
Total	<u>\$ 70,158</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities, as well as the funding for early retirement of District employees. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2010 are comprised of the following issues:

\$6,420,000, 2001 Bonds, due in annual installments of \$450,000 to \$550,000 through September 16, 2016, interest at 4.00% to 4.60%	\$3,500,000
\$924,000, 2003 Bonds, due in annual installments of \$42,000 to \$73,000 through March 15, 2022, interest at 4.70% to 5.35%	674,000
\$4,977,000, 2006 Bonds, due in annual installments of \$195,000 to \$362,000 through March 15, 2026, interest at 3.75% to 4.00%	<u>4,312,000</u>
	<u>\$8,486,000</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 687,000	\$ 346,123	\$ 1,033,123
2012	694,000	318,486	1,012,486
2013	732,000	289,476	1,021,476
2014	769,000	258,146	1,027,146
2015	807,000	225,021	1,032,021
2016-2020	2,698,000	685,529	3,383,529
2021-2025	1,737,000	280,303	2,017,303
2026	<u>362,000</u>	<u>14,480</u>	<u>376,480</u>
	<u>\$ 8,486,000</u>	<u>\$ 2,417,564</u>	<u>\$ 10,903,564</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 55,384,745
Less: Net Debt	<u>8,486,000</u>
Remaining Borrowing Power	<u>\$ 46,898,745</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Serial Bonds	\$ 9,146,000		\$ 660,000	\$ 8,486,000	\$ 687,000
Compensated Absences Payable	<u>143,333</u>	<u>\$ 26,907</u>	<u>-</u>	<u>170,240</u>	<u>57,484</u>
Governmental activity Long-term liabilities	<u>\$ 9,289,333</u>	<u>\$ 26,907</u>	<u>\$ 660,000</u>	<u>\$ 8,656,240</u>	<u>\$ 744,484</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

G. Short-Term Debt

Project Notes/Grant Anticipation Notes/Loans Payable

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the year ended June 30, 2010 was as follows:

<u>Purpose</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Construction Project Financing	<u>\$ 424,576</u>	<u>\$ -</u>	<u>\$ 424,576</u>	<u>\$ -</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 345,000	\$ 3,252	\$ 100,066	\$ 254,805
2009	15,000	12,536	70,822	6,094
2008		12,582	4,949	48,843

B. Contingent Liabilities

Pending Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

E. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2010, the District had no estimated arbitrage earnings due to the IRS.

C. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – 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.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems 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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include 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.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

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.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

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. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2010	\$ 151,034	\$ 20,472
2009	119,673	19,115
2008	82,764	417,238

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed \$20,472 and \$19,115 during 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$441,985 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

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. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in 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.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and 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 with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were \$384,493, \$364,665 and \$500,386, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 SUBSEQUENT EVENTS

Advance and Current Refundings of Debt

On July 13, 2010, the District issued \$2,690,000 in School District Refunding Bonds having an interest rate of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various 2001 School District Bonds of the District. The total bond principal defeased was \$2,600,000 and the total interest payments defeased was \$529,650. The net proceeds of \$2,763,098 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$163,098. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

BUDGETARY COMPARISON SCHEDULES

ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 12,770,397		\$ 12,770,397	\$ 12,770,397	
Tuition	75,807		75,807	122,981	\$ 47,174
Interest Earned	7,500		7,500	31,081	23,581
Miscellaneous	47,427	-	47,427	53,490	6,063
Total Local Sources	12,901,131	-	12,901,131	12,977,949	76,818
State Sources					
Transportation Aid	35,380		35,380	22,997	(12,383)
Special Education Aid	305,769		305,769	215,514	(90,255)
Security Aid	65,949		65,949	42,867	(23,082)
Extraordinary Aid	50,000		50,000	357,328	307,328
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)				20,472	20,472
On-behalf TPAF Pension Payments - Post Retirement Medical Contribution (Non-Budget)				384,493	384,493
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	441,985	441,985
Total State Sources	457,098	-	457,098	1,485,656	1,028,558
Total Revenues	13,358,229	-	13,358,229	14,463,605	1,105,376
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	194,110	\$ (29,976)	164,134	163,546	588
Grades 1-5	2,059,444	(32,540)	2,026,904	1,989,380	37,524
Grades 6-8	1,641,522	83,467	1,724,989	1,711,753	13,236
Regular Programs - Home Instruction					
Salaries of Teachers	10,250		10,250	605	9,645
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	52,328	(51,462)	866	866	
Purchased Professional-Educational Services	25,000	(7,032)	17,968	17,968	
Purchased Technical Services	169,630	(52,543)	117,087	111,685	5,402
Other Purchased Services	68,000	21,143	89,143	55,043	34,100
General Supplies	244,688	16,241	260,929	207,566	53,363
Textbooks	60,600	67,257	127,857	125,768	2,089
Total Regular Programs	4,525,572	14,555	4,540,127	4,384,180	155,947
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	698,895	(140,210)	558,685	458,356	100,329
Other Salaries for Instruction	48,895		48,895		48,895
General Supplies	3,000	4,782	7,782	7,093	689
Textbooks	200	-	200	-	200
Total Resource Room/Resource Center	750,990	(135,428)	615,562	465,449	150,113

Continued

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Autism					
Salaries	-	\$ 60,860	\$ 60,860	\$ 60,860	-
Total Autism	-	60,860	60,860	60,860	-
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 117,283	502	117,785	94,090	\$ 23,695
Other Salaries for Instruction	28,000	-	28,000	9,704	18,296
General Supplies	1,000	-	1,000	996	4
Total Preschool Disabilities - Part-Time	146,283	502	146,785	104,790	41,995
Home Instruction					
Salaries	500	-	500	-	500
Total Special Education	897,773	(74,066)	823,707	631,099	192,608
Basic Skills/Remedial					
Salaries of Teachers	142,274	77,067	219,341	219,341	-
General Supplies	3,185	147	3,332	3,302	30
Total Basic Skills/Remedial	145,459	77,214	222,673	222,643	30
Bilingual Education					
Salaries of Teachers	41,031	-	41,031	28,148	12,883
General Supplies	300	-	300	75	225
Total Bilingual Education	41,331	-	41,331	28,223	13,108
School Sponsored Co/Extra Cocurricular Activities					
Salaries	32,636	-	32,636	25,255	7,381
Supplies and Materials	6,900	-	6,900	1,866	5,034
Total School Sponsored Co/Extra Cocurricular Activities	39,536	-	39,536	27,121	12,415

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
School Sponsored Athletics					
Salaries	\$ 37,816	\$ 836	\$ 38,652	\$ 38,652	
Other Purchased Services	33,000	(836)	32,164	18,060	\$ 14,104
Supplies and Materials	15,000	-	15,000	-	15,000
Total School Sponsored Athletics	<u>85,816</u>	<u>-</u>	<u>85,816</u>	<u>56,712</u>	<u>29,104</u>
Total Instruction	<u>5,735,487</u>	<u>17,703</u>	<u>5,753,190</u>	<u>5,349,978</u>	<u>403,212</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	28,046	(20,400)	7,646	7,094	552
Tuition to CSSD & Regional Day Schools	245,004	7,293	252,297	59,905	192,392
Tuition to Priv. Sch. for the Disabled Within the State	729,102	(273,750)	455,352	424,228	31,124
Total Undistributed Expenditures - Instruction	<u>1,002,152</u>	<u>(286,857)</u>	<u>715,295</u>	<u>491,227</u>	<u>224,068</u>
Attendance & Social Work					
Salaries	20,040	1,478	21,518	21,518	-
Total Attendance & Social Work	<u>20,040</u>	<u>1,478</u>	<u>21,518</u>	<u>21,518</u>	<u>-</u>
Health Services					
Salaries	122,855	3,700	126,555	125,235	1,320
Purchased Professional and Technical Svces.	100		100		100
Other Purchased Services	300		300		300
Supplies and Materials	9,628	1,089	10,717	5,619	5,098
Total Health Services	<u>132,883</u>	<u>4,789</u>	<u>137,672</u>	<u>130,854</u>	<u>6,818</u>
Speech, OT,PT & Related Services					
Salaries	203,992	1,306	205,298	201,708	3,590
Purchased Professional Educational Services	93,430	8,716	102,146	10,455	91,691
Supplies and Materials	3,000	-	3,000	2,483	517
Total Speech, OT, PT & Related Services	<u>300,422</u>	<u>10,022</u>	<u>310,444</u>	<u>214,646</u>	<u>95,798</u>
Other Support Serv. Students - Extra Serv.					
Salaries	458,755	(63,832)	394,923	367,883	27,040
Purchased Professional Educational Services	169,100	60,197	229,297	172,860	56,437
Supplies and Materials	2,000	-	2,000	790	1,210
Total Other Support Serv. Students - Extra Serv.	<u>629,855</u>	<u>(3,635)</u>	<u>626,220</u>	<u>541,533</u>	<u>84,687</u>

Continued

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 160,753	\$ 542	\$ 161,295	\$ 161,143	\$ 152
Purchased Professional-Educational Services	2,000		2,000	301	1,699
Other Purchased Prof. and Tech. Services	6,500		6,500	4,737	1,763
Supplies and Materials	500	-	500	141	359
Total Guidance	<u>169,753</u>	<u>542</u>	<u>170,295</u>	<u>166,322</u>	<u>3,973</u>
Child Study Teams					
Salaries of Other Professional Staff	161,870	8,476	170,346	170,086	260
Salaries of Secretarial and Clerical Assistants	48,598		48,598	48,598	
Other Purchased Professional and Tech. Services	131,155	18,900	150,055	141,907	8,148
Other Purchased Services	2,000	2,150	4,150	4,150	
Supplies and Materials	5,000		5,000	475	4,525
Other Objects	1,800	-	1,800	850	950
Total Child Study Teams	<u>350,423</u>	<u>29,526</u>	<u>379,949</u>	<u>366,066</u>	<u>13,883</u>
Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	98,957		98,957	98,485	472
Salaries of Other Professional Staff		6,000	6,000	2,879	3,121
Salaries of Secretary & Clerk Assistance	31,446	(2,850)	28,596	17,155	11,441
Purchased Professional - Educational Services	45,507	2,850	48,357	48,344	13
Total Improvement of Inst. Serv.	<u>175,910</u>	<u>6,000</u>	<u>181,910</u>	<u>166,863</u>	<u>15,047</u>
Educational Media Services/School Library					
Salaries	120,458		120,458	118,024	2,434
Purchased Professional and Technical Services	8,400		8,400		8,400
Other Purchased Services	10,295	(949)	9,346	5,979	3,367
Supplies and Materials	16,465	2,047	18,512	17,444	1,068
Other Objects	-	450	450	19	431
Total Educational Media Serv./School Library	<u>155,618</u>	<u>1,548</u>	<u>157,166</u>	<u>141,466</u>	<u>15,700</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	29,000	1,562	30,562	13,600	16,962
Other Purchased Services	4,000	-	4,000	836	3,164
Total Instructional Staff Training Services	<u>33,000</u>	<u>1,562</u>	<u>34,562</u>	<u>14,436</u>	<u>20,126</u>

**ALLEDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 239,804	\$ 2,232	\$ 242,036	\$ 235,857	\$ 6,179
Legal Services	80,000	62,313	142,313	17,470	124,843
Audit Fees	25,000	34,305	59,305	39,572	19,733
Architectural/Engineering Services	28,500	(13,196)	15,304	4,480	10,824
Other Purchased Professional Services	16,390	3,845	20,235	8,735	11,500
Communications/Telephone	39,850	15,892	55,742	53,576	2,166
BOE Other Purchased Services	14,500	(5,723)	8,777	6,498	2,279
Other Purchased Services	15,500	(7,069)	8,431	8,411	20
Supplies and Materials	3,000	1,226	4,226	4,053	173
Miscellaneous Expenditures	4,500		4,500	4,229	271
BOE Membership Dues and Fees	13,000	-	13,000	8,613	4,387
	<u>480,044</u>	<u>93,825</u>	<u>573,869</u>	<u>391,494</u>	<u>182,375</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	277,143		277,143	275,030	2,113
Salaries of Secretarial and Clerical Assistants	169,896		169,896	167,299	2,597
Purchased Professional and Technical Services	1,400		1,400		1,400
Other Purchased Services	18,500	(3,583)	14,917	3,521	11,396
Supplies and Materials	6,360	5,801	12,161	9,484	2,677
Other Objects	5,221	-	5,221	4,489	732
	<u>478,520</u>	<u>2,218</u>	<u>480,738</u>	<u>459,823</u>	<u>20,915</u>
Support Services Central Services					
Salaries	217,383	(3,567)	213,816	213,816	
Miscellaneous Purchased services	5,000	90,000	95,000	73,321	21,679
Supplies and Materials	5,000	1,453	6,453	6,453	
Miscellaneous Expenditures	21,500	2,693	24,193	18,048	6,145
	<u>248,883</u>	<u>90,579</u>	<u>339,462</u>	<u>311,638</u>	<u>27,824</u>
Custodial Services					
Salaries	492,435	(7,596)	484,839	469,600	15,239
Purchased Professional and Technical Services	8,000	25,927	33,927	24,327	9,600
Cleaning, Repair and Maintenance Services	135,000	(12,705)	122,295	89,408	32,887
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	-	37,750	37,750		37,750
Other Purchased Property Services	38,100	4,639	42,739	10,562	32,177
Insurance	92,000		92,000	73,692	18,308
Miscellaneous Purchased Services	4,000		4,000	2,825	1,175
General Supplies	45,000	4,406	49,406	44,879	4,527
Energy	490,500	2,113	492,613	355,094	137,519
Other Objects	2,200	-	2,200	240	1,960
	<u>1,307,235</u>	<u>54,534</u>	<u>1,361,769</u>	<u>1,070,627</u>	<u>291,142</u>

Continued

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 103,000		\$ 103,000	\$ 91,136	\$ 11,864
Cleaning, Repair and Maintenance Services	126,500	\$ 21,126	147,626	86,558	61,068
General Supplies	125,000	1,486	126,486	50,944	75,542
Total Required Maintenance for School Fac.	<u>354,500</u>	<u>22,612</u>	<u>377,112</u>	<u>228,638</u>	<u>148,474</u>
Student Transportation Services					
Contracted Services (Other Than Between Home and School) - Vendors	3,000		3,000	600	2,400
Contracted Services - (Spl. Ed. Students) - Joint Agreements	361,506	(35,274)	326,232	176,497	149,735
Total Student Transportation Services	<u>364,506</u>	<u>(35,274)</u>	<u>329,232</u>	<u>177,097</u>	<u>152,135</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	184,575		184,575	132,157	52,418
Other Retirement Contributions - Regular	120,000	31,034	151,034	151,034	
Workmen's Compensation	95,000	(12,941)	82,059	81,396	663
Unemployment Compensation		345,000	345,000	345,000	
Health Benefits	1,444,250	(104,451)	1,339,799	1,330,331	9,468
Tuition Reimbursement	67,500	19,496	86,996	45,961	41,035
Other Employee Benefits	34,000	65,453	99,453	95,452	4,001
Total Unallocated Benefits - Employee Benefits	<u>1,945,325</u>	<u>343,591</u>	<u>2,288,916</u>	<u>2,181,331</u>	<u>107,585</u>
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)					
				20,472	(20,472)
On-behalf TPAF Pension Payments - Post Retirement Medical Contribution (Non-Budget)					
				384,493	(384,493)
On-behalf TPAF Social Security Payments (Non-Budget)					
	-	-	-	441,985	(441,985)
Total Undistributed Expenditures	<u>8,149,069</u>	<u>337,060</u>	<u>8,486,129</u>	<u>7,922,529</u>	<u>563,600</u>
Total Expenditures - Current Expenditures	<u>13,884,556</u>	<u>354,763</u>	<u>14,239,319</u>	<u>13,272,507</u>	<u>966,812</u>
CAPITAL OUTLAY					
Undistributed Expenditures					
Instruction		16,625	16,625	16,625	
Operations and Maintenance	140,665	(140,665)	-	-	-
Total Equipment	<u>140,665</u>	<u>(124,040)</u>	<u>16,625</u>	<u>16,625</u>	<u>-</u>
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services		5,901	5,901	-	5,901
Construction Services	70,000	(70,000)	-	-	-
Total Facilities Acquisition and Constr. Serv.	<u>70,000</u>	<u>(64,099)</u>	<u>5,901</u>	<u>-</u>	<u>5,901</u>

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Increase in Maintenance Reserve	\$ 50,000	-	\$ 50,000		\$ 50,000
Increase in Capital Reserve	160,791	-	160,791		160,791
Interest Deposit to Maintenance Reserve	1,000	-	1,000		1,000
Interest Deposit to Capital Reserve	6,500	-	6,500	-	6,500
 Total Capital Outlay	<u>428,956</u>	<u>\$ (188,139)</u>	<u>240,817</u>	<u>\$ 16,625</u>	<u>224,192</u>
 Total Expenditures	<u>14,313,512</u>	<u>166,624</u>	<u>14,480,136</u>	<u>13,289,132</u>	<u>1,191,004</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(955,283)</u>	<u>(166,624)</u>	<u>(1,121,907)</u>	<u>1,174,473</u>	<u>2,296,380</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(955,283)	(166,624)	(1,121,907)	1,174,473	2,296,380
 Other Financing Sources (Uses) Transfer Out-Capital Projects Fund	<u>-</u>	<u>(105,150)</u>	<u>(105,150)</u>	<u>(105,150)</u>	<u>-</u>
 Total Other Financing Sources (Uses)	<u>-</u>	<u>(105,150)</u>	<u>(105,150)</u>	<u>(105,150)</u>	<u>-</u>
 Fund Balance, Beginning of Year	<u>3,263,171</u>	<u>-</u>	<u>3,263,171</u>	<u>3,263,171</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ 2,307,888</u>	<u>\$ (271,774)</u>	<u>\$ 2,036,114</u>	<u>\$ 4,332,494</u>	<u>\$ 2,296,380</u>

Recapitulation of Fund Balance

Reserve for:					
Encumbrances			\$ 285,665		
Capital Reserve			1,601,592		
Capital Reserve - Designated for Subsequent Year's Expenditures			304,100		
Maintenance Reserve			650,000		
Maintenance Reserve - Designated for Subsequent Year's Expenditures			150,000		
Emergency Reserve			130,000		
Excess Surplus			236,415		
Unreserved:					
Designated for Subsequent Year's Expenditures			416,447		
Undesignated			<u>558,275</u>		
				<u>\$ 4,332,494</u>	
				4,332,494	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Final State Aid Payment Not Recognized on GAAP Basis			\$ 35,918		
Extraordinary Aid Payment Not Recognized on GAAP Basis			<u>357,328</u>		
				<u>393,246</u>	
 Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,939,248</u>	

**ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 15,725	\$ 15,725	\$ 5,537	\$ (10,188)
Federal	\$ 383,854	57,660	441,514	272,547	(168,967)
Total Revenues	<u>383,854</u>	<u>73,385</u>	<u>457,239</u>	<u>278,084</u>	<u>(179,155)</u>
EXPENDITURES					
Instruction					
Purchased Professional and Technical Services		1,474	1,474	-	1,474
Other Purchased Services	5,987	15,726	21,713	858	20,855
Tuition	154,308	10,072	164,380	170,367	(5,987)
General Supplies	42,357	22,823	65,180	51,155	14,025
Total Instruction	<u>202,652</u>	<u>50,095</u>	<u>252,747</u>	<u>222,380</u>	<u>30,367</u>
Support Services					
Salaries		645	645	645	
Purchased Professional and Technical Services	79,792	8,801	88,593	3,650	84,943
Other Purchased Professional Services	46,410		46,410	41,839	4,571
General Supplies	-	13,844	13,844	-	13,844
Total Support Services	<u>126,202</u>	<u>23,290</u>	<u>149,492</u>	<u>46,134</u>	<u>103,358</u>
Facilities Acquisition and Construction					
Instructional Equipment	55,000	-	55,000	9,570	45,430
Total Facilities Acq. and Construction	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>9,570</u>	<u>45,430</u>
Total Expenditures	<u>383,854</u>	<u>73,385</u>	<u>457,239</u>	<u>278,084</u>	<u>179,155</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ALLENDALE BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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 following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General</u>		<u>Special</u>
	<u>Fund</u>		<u>Revenue</u>
			<u>Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 14,463,605	C-2 \$	278,084
 Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Encumbrances June 30, 2010			
 Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Encumbrances June 30, 2009			31,419
 Difference- Budget to GAAP State Aid payment and extraordinary aid (2008/2009) recognized for GAAP purposes, not recognized for budgetary statements.	690,167		
 Difference - Budget to GAAP: State Aid payment and extraordinary aid (2009/2010) extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements	<u>(393,246)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>14,760,526</u>	B-2 \$	<u>309,503</u>
 Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 13,289,132	C-2 \$	278,084
 Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Encumbrances June 30, 2010			-
 Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Encumbrances June 30, 2009	<u>-</u>		<u>31,419</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>13,289,132</u>	B-2 \$	<u>309,503</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	I.D.E.I.A. Part B		I.D.E.I.A. ARRA					Total 2010	
	Basic	Preschool	Basic	Title II	Title III	Title IV	Title V		Local
REVENUES									
Intergovernmental									
Local									
Federal									
Total Revenues	\$ 167,735	\$ 7,211	\$ 60,488	\$ 16,004	\$ 19,107	\$ 1,894	\$ 108	\$ 5,537	\$ 272,547
	\$ 167,735	\$ 7,211	\$ 60,488	\$ 16,004	\$ 19,107	\$ 1,894	\$ 108	\$ 5,537	\$ 278,084
EXPENDITURES									
Instruction									
Other Purchased Services				\$ 858					\$ 858
Tuition	\$ 164,380	\$ 5,987							\$ 170,367
General Supplies	-	1,224	\$ 32,887	230	\$ 16,467	\$ 347	-	-	\$ 51,155
Total Instruction	164,380	7,211	32,887	1,088	16,467	347	-	-	222,380
Support Services									
Salaries					645				645
Purchased Professional and Technical Services					1,995	1,547	108		3,650
Other Purchased Professional Services	3,355	-	18,031	14,916	-	-	-	\$ 5,537	41,839
Total Support Services	3,355	-	18,031	14,916	2,640	1,547	108	5,537	46,134
Facilities Acquisition and Construction									
Instructional Equipment	-	-	9,570	-	-	-	-	-	9,570
Total Facilities Acq. and Construction	-	-	9,570	-	-	-	-	-	9,570
Total Expenditures	\$ 167,735	\$ 7,211	\$ 60,488	\$ 16,004	\$ 19,107	\$ 1,894	\$ 108	\$ 5,537	\$ 278,084

**ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

CAPITAL PROJECTS FUND

ALLENDALE BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriation</u>		<u>Expenditures to Date</u>		<u>Prior Year Adjustments</u>	<u>Unexpended Balance, June 30, 2010</u>
				<u>Prior Years</u>	<u>Current Year</u>		
Improvements to Schools	12/14/1999	\$ 9,841,000	*	\$ 9,775,912			\$ 65,088
Improvements to Schools	1/15/2006	4,977,000	**	4,721,782	\$ 78,934		176,284
Improvement to 5th Grade Wing	8/6/2009	175,250	***	-	154,328	\$ 20,922	-
				<u>\$ 14,497,694</u>	<u>\$ 233,262</u>	<u>\$ 20,922</u>	<u>\$ 241,372</u>

*- Funding Sources: Bonds \$6,420,000, EDA Grant Funding \$2,621,899, and Local Share (Debt Service Fund) \$799,101

** - Funding Sources: Bonds \$4,977,000

*** - Funding Sources: EDA Grant Funding \$70,100 and Local Share \$210,655

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Revenues and Other Financing Sources	
State sources - SCC Grants	\$ 70,100
Other Financing Sources	
Transfer In - Capital Reserve	105,150
Interest	<u>791</u>
 Total Revenues	 <u>176,041</u>
Expenditures and Other Financing Uses	
Construction Services	137,629
Purchased Professional and Technical Services	28,280
Equipment	88,275
Transfer Out to Debt Service	<u>791</u>
 Total Expenditures	 <u>254,975</u>
Excess (Deficit) of Revenue Over (Under) Expenditures	(78,934)
Fund Balance, Beginning of Year	<u>320,306</u>
Fund Balance, End of Year	<u><u>\$ 241,372</u></u>

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grants	\$ 2,621,899		\$ 2,621,899	
Bond proceeds and transfers	6,420,000		6,420,000	
Transfer from Debt Services Fund	799,101		799,101	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 9,841,000</u>		<u>\$ 9,841,000</u>	<u>\$ 9,841,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and improvements				
Construction Services	\$ 9,775,912		\$ 9,775,912	9,841,000
Lease Principal Payments			-	
Equipment purchases				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>9,775,912</u>	<u>-</u>	<u>9,775,912</u>	<u>9,841,000</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 65,088</u>	<u>\$ -</u>	<u>\$ 65,088</u>	<u>\$ -</u>
Additional project information:				
Project Number	G5-0001	G5-0002		
Grant Date	4/17/2002	4/17/2002		
Bond Authorization Date	12/14/99			
Bonds Authorized	\$ 9,841,000			
Bonds Issued	6,420,000			
Original Authorized Cost				
Additional Authorized Cost	9,841,000			
Revised Authorized Cost	N/A			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion	99%			
Original target completion date	9/1/03			
Revised target completion date	N/A			

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 4,977,000	-	\$ 4,977,000	
Total revenues	\$ 4,977,000	-	\$ 4,977,000	\$ 4,977,000
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 506,738		\$ 506,738	
Land and improvements				
Construction Services	4,215,044	\$ 78,934	4,293,978	
Lease Principal Payments				
Equipment purchases			-	
Total Expenditures	4,721,782	78,934	4,800,716	4,977,000
Excess (deficiency) or revenues over (under) expenditures	\$ 255,218	\$ (78,934)	\$ 176,284	\$ -
Additional project information:				
Project Number				
Grant Date		N/A		
Bond Authorization Date		1/15/06		
Bonds Authorized	\$ 4,977,000			
Bonds Issued	4,977,000			
Original Authorized Cost		N/A		
Additional Authorized Cost		N/A		
Revised Authorized Cost		N/A		
Percentage Increase over Original Authorized Cost		N/A		

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
REPLACEMENT OF UNIT VENTILATORS IN 5th GRADE WING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Prior Year Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State sources - SCC Grants		\$ 70,100		\$ 70,100	\$ 70,100
Transfer from Capital Reserve	-	105,150		105,150	105,150
Total revenues	\$ -	\$ 175,250	\$ -	\$ 175,250	\$ 175,250
Expenditures and Other Financing Uses					
Purchased professional and technical services		\$ 7,358	\$ 20,922	\$ 28,280	\$ 28,280
Land and improvements					
Construction Services		58,695		58,695	58,695
Lease Principal Payments					
Equipment purchases		88,275	-	88,275	88,275
Total Expenditures	-	154,328	20,922	175,250	175,250
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 20,922	\$ (20,922)	\$ -	\$ -

Additional project information:

Project Number	
Grant Date	#0040-010-09-1001
Bond Authorization Date	8/6/09
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	170,970
Additional Authorized Cost	4,280
Revised Authorized Cost	175,250
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	100%
Original target completion date	06/30/10
Revised target completion date	06/30/10

ENTERPRISE FUND

EXHIBIT G-1

**ALLENDALE BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

NOT APPLICABLE

EXHIBIT G-2

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

FIDUCIARY FUNDS

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 16,311	\$ 19,793	\$ 36,104
Total Assets	<u>\$ 16,311</u>	<u>\$ 19,793</u>	<u>\$ 36,104</u>
LIABILITIES			
Due to Other Funds		\$ 411	\$ 411
Payable to Student Groups	\$ 16,311		16,311
Accrued Salaries and Wages		227	227
Payroll Deductions and Withholdings	<u>-</u>	<u>19,155</u>	<u>19,155</u>
Total Liabilities	<u>\$ 16,311</u>	<u>\$ 19,793</u>	<u>\$ 36,104</u>

**COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ALLENDALE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance, July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2010</u>
ELEMENTARY AND MIDDLE SCHOOLS				
Student Council	\$ 1,882	\$ 7,808	\$ 6,519	\$ 3,171
Brookside School	12,403	76,333	76,508	12,228
Hillside School	952	16,625	16,665	912
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 15,237</u>	<u>\$ 100,766</u>	<u>\$ 99,692</u>	<u>\$ 16,311</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2010</u>
Payroll Deductions and Withholdings	\$ 7,476	\$ 3,212,006	\$ 3,200,327	\$ 19,155
Accrued Salaries and Wages	106	5,017,436	5,017,315	227
Due to Other Governments	55,628		55,628	-
Due to Other Funds	404	411	404	411
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 63,614</u>	<u>\$ 8,229,853</u>	<u>\$ 8,273,674</u>	<u>\$ 19,793</u>

LONG-TERM DEBT

ALLENDALE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2009</u>	<u>June 30, 2010</u>
School District Bonds	9/15/01	\$ 6,420,000	9/15/10	\$ 450,000	4.00%		
			9/15/11	450,000	4.10%		
			9/15/12	475,000	4.20%		
			9/15/13	500,000	4.30%		
			9/15/14	525,000	4.40%		
			9/15/15	550,000	4.50%		
			9/15/16	550,000	4.60%	\$ 3,935,000	\$ 3,500,000
Governmental Loan Revenue Bond Series 2003A ERIP Refunding - Through Bergen County Improvement Authority	3/6/03	924,000	3/15/11	42,000	5.00%		
			3/15/12	44,000	5.25%		
			3/15/13	47,000	5.25%		
			3/15/14	49,000	4.70%		
			3/15/15	52,000	4.75%		
			3/15/16	54,000	4.80%		
			3/15/17	57,000	4.85%		
			3/15/18	59,000	4.90%		
			3/15/19	62,000	5.35%		
			3/15/20	66,000	5.35%		
		3/15/21	69,000	5.35%			
		3/15/22	73,000	5.35%			
						714,000	674,000
						40,000	

ALLENDALE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2009</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>
School District Bonds	1/15/2006	\$ 4,977,000	3/15/11	\$ 195,000	3.75%			
			3/15/12	200,000	3.75%			
			3/15/13	210,000	3.875%			
			3/15/14	220,000	3.875%			
			3/15/15	230,000	3.875%			
			3/15/16	240,000	3.875%			
			3/15/17	250,000	3.875%			
			3/15/18	260,000	3.875%			
			3/15/19	270,000	4.00%			
			3/15/20	280,000	4.00%			
			3/15/21	295,000	4.00%			
			3/15/22	305,000	4.00%			
			3/15/23	320,000	4.00%			
			3/15/24	330,000	4.00%			
			3/15/25	345,000	4.00%			
			3/15/26	362,000	4.00%			
						\$ 4,497,000	\$ 185,000	\$ 4,312,000
						<u>\$ 9,146,000</u>	<u>\$ 660,000</u>	<u>\$ 8,486,000</u>

**ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Property Tax Levy	\$ 888,093		\$ 888,093	\$ 888,093	
State Sources	144,668	-	144,668	144,668	-
Total Revenues	1,032,761	-	1,032,761	1,032,761	-
EXPENDITURES					
Regular Debt Service					
Interest	572,333	-	572,333	372,760	\$ 199,573
Principal	660,000	-	660,000	660,000	-
Total Expenditures	1,232,333	-	1,232,333	1,032,760	199,573
Other Finance Sources					
Transfers In	-	-	-	791	791
Excess (Deficiency) of Revenues Over (Under) Expenditures	(199,572)	-	(199,572)	792	200,364
Fund Balance, Beginning of Year	390,147	-	390,147	390,147	-
Fund Balance, End of Year	<u>\$ 190,575</u>	<u>\$ -</u>	<u>\$ 190,575</u>	<u>\$ 390,939</u>	<u>\$ 200,364</u>

**LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Allendale Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

ALLEDALE BOARD OF EDUCATION
 NET ASSETS BY COMPONENT
 LAST SEVEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007 (Restated)	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 1,531,971	\$ 2,596,266	\$ 2,926,450	\$ 2,423,874	\$ 2,782,336	\$ 3,404,197	\$ 3,876,300
Restricted	862,419	463,269	449,257	405,603	974,467	1,503,639	3,101,631
Unrestricted	283,281	(474,628)	(42,554)	1,115,927	1,129,614	549,700	309,805
Total governmental activities net assets	\$ 2,677,671	\$ 2,584,907	\$ 3,333,153	\$ 3,945,404	\$ 4,886,417	\$ 5,457,536	\$ 7,287,736
Business-type activities							
Invested in capital assets	\$ 64,012	\$ 58,719	\$ 53,426	\$ 14,020	\$ 12,918	\$ 18,106	\$ 27,049
Restricted	32,292	42,275	56,175	72,570	71,931	94,185	64,779
Total business-type activities net assets	\$ 96,304	\$ 100,994	\$ 109,601	\$ 86,590	\$ 84,849	\$ 112,291	\$ 91,828
District-wide							
Invested in capital assets, net of related debt	\$ 1,595,983	\$ 2,654,985	\$ 2,980,376	\$ 2,437,894	\$ 2,795,254	\$ 3,422,303	\$ 3,903,349
Restricted	862,419	463,269	449,257	405,603	974,467	1,503,639	3,101,631
Unrestricted	315,573	(432,353)	13,621	1,188,497	1,201,545	643,885	374,584
Total district net assets	\$ 2,773,975	\$ 2,685,901	\$ 3,443,254	\$ 4,031,994	\$ 4,971,266	\$ 5,569,827	\$ 7,379,564

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ALLENDALE BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
Instruction							
Regular	\$ 4,167,419	\$ 5,651,818	\$ 5,833,194	\$ 5,876,727	\$ 6,199,331	\$ 6,154,437	\$ 6,291,655
Special education	967,798	1,745,449	1,346,367	2,080,570	2,047,305	1,804,129	1,426,920
Other special education	558,306						
Other instruction		618,579	619,411	437,794	454,720	474,987	370,459
School Sponsored Activities and Athletics		71,299	79,188	81,986	98,524	112,555	114,148
Support Services:							
Tuition	436,962						
Student & instruction related services	1,810,447	1,683,604	2,034,308	1,841,045	2,114,773	1,977,978	2,062,727
Health services		130,338	149,213	161,615	169,533	171,609	191,585
Attendance and Social Work		15,644	22,658	63,811	45,304		30,401
Educational Media/School Library		147,505	160,638	168,980	187,713	175,559	197,452
School Administrative services	465,364	647,917	541,290	547,513	555,731	621,985	503,373
General administration	346,084	515,093	545,745	455,453	559,711	562,486	669,644
Central Services		307,875	369,895	405,184	396,814	462,015	413,062
Plant operations and maintenance	1,034,402	1,171,671	1,207,225	1,368,257	1,568,683	1,620,050	1,565,254
Pupil transportation	204,556	203,346	239,584	316,016	261,897	221,040	177,097
Other support services	239,708						
Unallocated Benefits	858,926						
Interest on long-term debt	317,924	299,535	328,249	447,809	427,916	386,273	329,704
Unallocated depreciation	207,763						
Total governmental activities expenses	11,615,659	13,209,673	13,476,965	14,252,760	15,087,955	14,745,103	14,343,481
Business-type activities:							
Food service	225,200	237,314	231,837	209,091	220,181	181,155	233,552
Summer Music				43,233	40,261	39,980	49,881
Total business-type activities expense	225,200	237,314	231,837	252,324	260,442	221,135	283,433
Total district expenses	\$ 11,840,859	\$ 13,446,987	\$ 13,708,802	\$ 14,505,084	\$ 15,348,397	\$ 14,966,238	\$ 14,626,914
Program Revenues							
Governmental activities:							
Charges for services:							
Regular		\$ 38,106	\$ 17,175				\$ 58,350
Special education		279,868	126,138	\$ 203,476	\$ 185,540	\$ 141,775	64,631
Operating grants and contributions	\$ 182,397	1,559,761	1,841,553	2,258,951	2,310,564	1,576,156	2,162,180
Total governmental activities program revenues	182,397	1,877,735	1,984,866	2,462,427	2,496,104	1,717,931	2,285,161
Business-type activities:							
Charges for services							
Food service	202,031	212,357	209,897	192,661	192,164	180,928	187,178
Summer Music				45,073	38,800	40,031	48,740
Operating grants and contributions	29,402	29,000	30,547	25,476	25,367	26,595	26,456
Total business type activities program revenues	231,433	241,357	240,444	263,210	256,331	247,554	262,374
Total district program revenues	\$ 413,830	\$ 2,119,092	\$ 2,225,310	\$ 2,725,637	\$ 2,752,435	\$ 1,965,485	\$ 2,547,535
Net (Expense)/Revenue							
Governmental activities	\$ (11,433,262)	\$ (11,331,938)	\$ (11,492,099)	\$ (11,790,333)	\$ (12,591,851)	\$ (13,027,172)	\$ (12,058,320)
Business-type activities	6,233	4,043	8,607	10,886	(4,111)	26,419	(21,059)
Total district-wide net expense	\$ (11,427,029)	\$ (11,327,895)	\$ (11,483,492)	\$ (11,779,447)	\$ (12,595,962)	\$ (13,000,753)	\$ (12,079,379)

ALLENDALE BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 10,239,055	\$ 10,447,306	\$ 11,246,235	\$ 12,025,265	\$ 12,172,795	\$ 12,490,766	\$ 12,770,397
Taxes levied for debt service	541,453	663,310	663,054	847,316	884,623	896,664	888,093
State aid - unrestricted	1,695,206	88,830	90,250	91,049	107,469	4,618	
Tuition Received	360,587						
State aid - restricted for debt service				142,845	143,917	145,368	144,668
Investment earnings	2,809			280,430	206,205	46,067	31,872
Miscellaneous income	41,627	39,728	241,306	42,804	17,855	14,808	53,490
Total governmental activities	12,880,737	11,239,174	12,240,845	13,429,709	13,532,864	13,598,291	13,888,520
Business-type activities:							
Miscellaneous income		647					
Interest earnings	-	-	-	3,098	2,370	1,023	596
Total business-type activities	-	647	-	3,098	2,370	1,023	596
Total district-wide	\$ 12,880,737	\$ 11,239,821	\$ 12,240,845	\$ 13,432,807	\$ 13,535,234	\$ 13,599,314	\$ 13,889,116
Change in Net Assets							
Governmental activities	\$ 1,447,475	\$ (92,764)	\$ 748,746	\$ 1,639,376	\$ 941,013	\$ 571,119	\$ 1,830,200
Business-type activities	6,233	4,690	8,607	13,984	(1,741)	27,442	(20,463)
Total district	\$ 1,453,708	\$ (88,074)	\$ 757,353	\$ 1,653,360	\$ 939,272	\$ 598,561	\$ 1,809,737

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ALLENDALE BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 718,612	\$ 730,795	\$ 1,155,312	\$ 1,946,546	\$ 2,041,678	\$ 1,815,709	\$ 3,357,772
Unreserved	657,155	208,124	209,453	384,047	667,758	757,295	581,476
Total general fund	\$ 1,375,767	\$ 938,919	\$ 1,364,765	\$ 2,330,593	\$ 2,709,436	\$ 2,573,004	\$ 3,939,248
All Other Governmental Funds							
Reserved	\$ 142,104	\$ 122,104	\$ 250,274	\$ 2,057,014	\$ 199,640	\$ 245,927	
Unreserved	1,703	33,316	4,559,102	1,041,690	681,389	464,526	632,311
Total all other governmental funds	\$ 143,807	\$ 155,420	\$ 4,809,376	\$ 3,098,704	\$ 881,029	\$ 710,453	\$ 632,311

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ALLENDALE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Revenues							
Tax levy	\$ 10,780,508	\$ 11,110,616	\$ 11,909,289	\$ 12,872,581	\$ 13,057,418	\$ 13,387,430	\$ 13,658,490
Tuition charges	360,587	317,974	143,313	203,476	185,540	141,775	122,981
Interest earnings	2,809	13,545	162,280	280,430	206,205	46,067	31,872
Miscellaneous	41,627	26,183	79,026	42,804	50,126	38,600	59,027
State sources	1,701,721	1,449,443	1,707,502	2,294,007	2,296,501	1,466,693	1,997,345
Federal sources	175,882	199,148	224,301	198,838	233,178	235,657	303,966
Total revenue	13,063,134	13,116,909	14,225,711	15,892,136	16,028,968	15,316,222	16,173,681
Expenditures							
Instruction							
Regular Instruction	4,167,419	5,614,453	5,696,876	5,683,851	5,997,384	5,923,356	6,051,482
Special education instruction	967,798	1,738,600	1,316,456	2,045,973	2,006,035	1,763,739	1,416,349
Other special instruction	558,306	614,145	603,201	425,287	439,022	455,532	355,228
School sponsored activities and athletics		70,812	77,404	79,977	95,686	108,913	110,215
Support Services:							
Tuition	436,962						
Student & inst. related services	1,810,447	1,672,151	2,003,658	1,799,447	2,056,543	1,913,930	1,997,002
Health services		127,376	145,260	157,330	163,790	164,721	182,553
Attendance and Social Work		17,553	22,207	61,717		43,712	30,401
Educational Media/School Library		146,578	156,947	164,572	182,254	168,976	190,188
General administration	346,084	513,134	538,078	446,975	547,584	547,459	488,858
School administrative services	465,364	643,381	527,603	532,132	537,331	597,059	642,421
Central services		305,528	360,379	394,645	383,889	444,558	399,903
Plant operations and maintenance	1,034,402	1,166,476	1,190,121	1,347,470	1,539,633	1,587,864	1,530,743
Pupil transportation	204,556	203,346	240,017	316,016	261,897	221,040	177,097
Other Support Services	239,708						
Unallocated Benefits	2,348,634						
Capital outlay	92,166	45,302	281,575	2,166,709	2,584,500	684,051	280,379
Debt service:							
Principal	342,000	358,000	384,000	540,000	607,000	644,000	660,000
Interest and other charges	321,635	305,309	262,720	474,879	421,540	398,032	372,760
Total expenditures	13,335,481	13,542,144	13,806,501	16,636,980	17,867,800	15,623,230	14,885,579
Excess (Deficiency) of revenues over (under) expenditures	(272,347)	(425,235)	419,210	(744,844)	(1,838,832)	(307,008)	1,288,102
Other Financing sources (uses)							
Proceeds from Bond			\$ 4,982,948				
Cost of Issuance from Bond			(322,356)				
Transfers in	\$ 6,735	\$ 7,471	87,657	\$ 184,096	\$ 95,581	\$ 6,479	\$ 105,941
Transfers out	(6,735)	(7,471)	(87,657)	(184,096)	(95,581)	(6,479)	(105,941)
Total other financing sources (uses)	-	-	4,660,592	-	-	-	-
Net change in fund balances	\$ (272,347)	\$ (425,235)	\$ 5,079,802	\$ (744,844)	\$ (1,838,832)	\$ (307,008)	\$ 1,288,102
Debt service as a percentage of noncapital expenditures	5.01%	4.91%	4.78%	7.01%	6.73%	6.98%	7.07%

* Noncapital expenditures are total expenditures less capital outlay.

Note

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ALLENDALE BOARD OF EDUCATION
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
GENERAL FUND										
Interest on Investments	\$ 29,435	\$ 31,983	\$ 95,808	\$ 79,470	\$ 67,872	\$ 13,965	\$ 6,411	\$ 9,968	\$ 40,350	\$ 86,567
Prior Year's Refunds						8,853	26,544	222	21,696	26,597
Rentals								28,500	25,400	22,900
Donation										3,000
Miscellaneous	53,490	14,808	17,855	42,804	79,026	3,365	-	-	19,075	103,120
Total Miscellaneous	82,925	46,791	113,663	122,274	146,898	26,183	32,955	38,690	106,521	242,184
Tuition	122,981	141,775	185,540	203,476	143,313	317,974	360,587	442,170	340,854	292,467
Interest Eamed on Capital Reserve Funds	1,646	7,605	14,816	16,864	12,699	6,074	2,809	4,258	7,000	2,865
Total General Fund	124,627	149,380	200,356	220,340	156,012	324,048	363,396	446,428	347,854	295,332
Total Other Local Revenue	\$ 207,552	\$ 196,171	\$ 314,019	\$ 342,614	\$ 302,910	\$ 350,231	\$ 396,351	\$ 485,118	\$ 454,375	\$ 537,516

Source: District's records.

ALLENDALE BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2000	\$ 13,468,800	\$ 646,493,800	\$ 584,900	\$ 21,200	\$ 63,440,900	\$ 48,634,000	-	\$ 772,643,600	-	\$ 772,643,600	\$ 1,003,356,643	\$ 1.790
2001	12,251,700	654,540,900	584,900	7,200	63,568,400	48,634,000	-	779,387,100	-	779,387,100	1,076,923,121	1.890
2002	11,174,900	1,092,840,000	997,000	7,200	114,331,500	64,824,300	-	1,284,174,900	-	1,284,174,900	1,196,632,155	1.200
2003	10,846,400	1,097,468,500	997,000	7,200	114,407,800	62,268,000	-	1,285,994,900	-	1,285,994,900	1,331,460,233	1.270
2004	9,881,200	1,101,756,500	951,900	7,200	104,810,300	60,671,900	-	1,278,079,000	-	1,278,079,000	1,451,504,461	1.330
2005	9,746,500	1,105,020,600	951,900	16,200	103,847,100	60,671,900	-	1,280,254,200	-	1,280,254,200	1,593,923,956	1.421
2006	10,027,600	1,111,588,700	951,900	16,200	93,383,800	63,135,200	-	1,279,103,400	-	1,279,103,400	1,791,207,176	1.530
2007	19,933,000	1,120,804,400	951,900	16,200	90,085,700	63,135,200	-	1,294,930,400	-	1,294,930,400	1,848,980,808	1.580
2008	21,320,700	1,123,463,200	951,900	656,200	87,978,700	61,598,800	-	1,295,969,500	-	1,295,969,500	1,895,839,282	1.630
2009	21,113,900	1,128,523,700	951,900	656,200	66,594,200	83,003,300	-	1,302,843,200	-	1,302,843,200	1,741,283,954	1.666

Source: County Abstract of Rates

^a Tax rates are per \$100

**ALLENDALE BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>School District</u>	<u>Municipality</u>	<u>County</u>
2009	\$ 2.618	\$ 1.666	\$ 0.667	\$ 0.285
2008	2.55	1.63	0.65	0.27
2007	2.45	1.58	0.62	0.25
2006	2.36	1.53	0.60	0.23
2005	2.18	1.42	0.53	0.23
2004	2.05	1.33	0.50	0.22
2003	1.92	1.27	0.45	0.20
2002 *	1.80	1.20	0.40	0.20
2001	2.83	1.89	0.63	0.31
2000	2.71	1.79	0.62	0.30

* The Borough underwent a revaluation of property which became effective 2002.

Source: Tax Duplicate, Borough of Allendale

ALLENDALE BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2010		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Allendale Nursing Home	\$ 15,296,900			
Allendale Plaza	13,221,400			
Riggs & Co.	12,500,000		Not Available	
Allendale Associates	11,082,100			
Allendale Associates	7,750,000			
Black Mill Work Co. Inc.	6,849,500			
Pearl Investor	6,657,500			
Allendale Associates	6,579,800			
Allendale Associates	4,772,700			
Allendale Associates	4,414,200			
	<u>\$ 89,124,100</u>			

Source: Municipal Tax Assessor

**ALLENDALE BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 9,565,581	\$ 9,565,581	100.00%	N/A
2002	10,121,342	10,121,342	100.00%	N/A
2003	10,508,413	10,508,413	100.00%	N/A
2004	10,780,508	10,780,508	100.00%	N/A
2005	11,110,616	11,110,616	100.00%	N/A
2006	11,909,289	11,839,989	99.00%	\$ 69,300
2007	12,872,581	12,872,581	100.00%	N/A
2008	13,057,418	13,057,418	100.00%	N/A
2009	13,387,430	13,387,430	100.00%	N/A
2010	13,658,490	13,658,490	100.00%	N/A

Source: District Records

**ALLENDALE BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities						Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Grant Anticipation Notes (GANs)	Total District			
2005	\$ 6,344,000	N/A	N/A	\$ 424,576	\$ 6,768,576	6,665	\$ 1,016	
2006	10,937,000	N/A	N/A	424,576	11,361,576	6,604	1,720	
2007	10,397,000	N/A	N/A	424,576	10,821,576	6,578	1,645	
2008	9,790,000	N/A	N/A	424,576	10,214,576	6,599	1,548	
2009	9,146,000	N/A	N/A	424,576	9,570,576	6,609	1,448	
2010	8,486,000	N/A	N/A	-	8,486,000	N/A	N/A	

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ALLENDALE BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 6,344,000	-	\$ 6,344,000	0.50%	\$ 939
2006	10,937,000	-	10,937,000	0.85%	1,619
2007	10,397,000	-	10,397,000	0.81%	1,571
2008	9,790,000	-	9,790,000	0.76%	1,484
2009	9,146,000	-	9,146,000	0.71%	1,448
2010	8,486,000	-	8,486,000	0.65%	N/A

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ALLENDALE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2009
(Unaudited)**

	<u>Total Net Debt</u>
Municipal Debt: (1)	
Borough of Allendale School District	\$ 8,486,000
Northern Highlands Regional School District	13,106,659
Borough of Allendale	<u>17,177,193</u>
	<u>38,769,852</u>
Overlapping Debt Apportioned to the Municipality:	
County of Bergen (2)	6,891,597
Northwest Utilities Authority (3)	<u>3,067,992</u>
Total Direct and Overlapping Debt	<u>\$ 48,729,441</u>

(1)- Based on 2009 equalized valuations

(2) Based on Usage

Sources:

(1) Borough of Allendale 2009 Annual Debt Statement

(2) County of Bergen 2009 Audit

(3) NBCUA 2009 Audit

ALLENDALE BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST SIX FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

	Equalized valuation basis					
	2009	\$ 1,815,809,338		2009		2010
	2008	1,880,396,837				
	2007	1,842,268,317				
		<u>\$ 5,538,474,492</u>				
		\$ 1,846,158,164				
Average equalized valuation of taxable property						
Debt limit (3 % of average equalization value)		55,384,745				
Total Net Debt Applicable to Limit		<u>8,486,000</u>				
Legal debt margin		<u>\$ 46,898,745</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 39,747,808	\$ 64,353,881	\$ 48,265,411	\$ 52,199,045	\$ 55,101,210	\$ 55,384,745
Total net debt applicable to limit	<u>6,344,000</u>	<u>10,937,000</u>	<u>10,397,000</u>	<u>9,790,000</u>	<u>9,146,000</u>	<u>8,486,000</u>
Legal debt margin	<u>\$ 33,403,808</u>	<u>\$ 53,416,881</u>	<u>\$ 37,868,411</u>	<u>\$ 42,409,045</u>	<u>\$ 45,955,210</u>	<u>\$ 46,898,745</u>
Total net debt applicable to the limit as a percentage of debt limit	15.96%	17.00%	21.54%	18.76%	16.60%	15.32%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**ALLENDALE BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2009	5.60%	N/A	6,609
2008	4.50%	\$ 67,696	6,618
2007	2.40%	67,125	6,713
2006	2.70%	61,264	6,713
2005	2.50%	56,725	6,754
2004	3.40%	53,131	6,799
2003	4.20%	51,758	6,775
2002	4.20%	51,083	6,784
2001	3.10%	52,053	6,787
2000	2.60%	51,227	6699

Source: United States Bureau of Census - Population Division NJ Department of Labor,
Bureau of Labor Force Statistics

N/A - Updated information not available

ALLENDALE BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

	2010		2001	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

ALLENDALE BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction							
Regular	89	86	87	88	74	71	71
Special education	12	12	8	8	10	14	14
Other special education	3	3	3	3	15	14	15
Support Services:							
Student & instruction related services	5	5	4	4	5	5	5
General administration	6	6	6	6	6	6	6
School administrative services	3	3	2	2	2	2	2
Other administrative services			1	1	1	1	1
Plant operations and maintenance	10	10	9	9	10	9	8
Total	<u>128</u>	<u>125</u>	<u>120</u>	<u>121</u>	<u>123</u>	<u>122</u>	<u>122</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ALLENDALE BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2001	1,105	10,299,268	9,321	6.84%	N/A	N/A	N/A	1,105	1,061	5.84%	96.02%
2002	1,097	11,177,335	10,189	9.32%	N/A	N/A	N/A	1,097	1,054	-0.72%	96.08%
2003	1,109	11,426,579	10,303	1.12%	105	14:1	13:1	1,109	1,069	1.09%	96.39%
2004	1,102	12,579,680	11,415	10.79%	105	14:1	13:1	1,102	1,060	-0.63%	96.19%
2005	1,087	12,862,145	11,833	3.66%	102	14:1	12.5:1	1,087	1,047	-1.36%	96.32%
2006	1,072	13,053,103	12,178	2.92%	104	13.5:1	12.5:1	1,072	1,060	-1.38%	98.88%
2007	1,032	13,461,970	13,045	7.11%	106	13:1	12:1	1,032	995	-3.73%	96.41%
2008	997	14,254,760	14,298	9.61%	99	9.2:1	11:01	991	950	-3.97%	95.86%
2009	954	13,897,147	14,567	1.89%	99	9.2:1	11:01	954	932	-3.73%	97.69%
2010	944	13,572,440	14,378	-1.30%	99	11:9	11:06	961	923	0.73%	96.05%

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

ALLENDALE BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	438	443	424	430	417	411	404	386	326	322
<u>Middle School</u>										
Square Feet	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	653	647	686	637	637	633	635	605	628	623

Number of Schools at June 30, 2010

Elementary = 1

Middle School = 1

Source: District Records

ALLENDALE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
School Facilities										
Brookside Avenue Elem.	\$ 140,831	\$ 246,981	\$ 253,262	\$ 184,940	\$ 132,202	\$ 152,499	\$ 150,835	\$ 151,069	\$ 151,405	\$ 145,492
Hillside Avenue Elem.	87,807	101,051	100,785	95,272	68,105	81,799	77,623	69,922	74,573	70,788
Grand Total	<u>\$ 228,638</u>	<u>\$ 348,032</u>	<u>\$ 354,047</u>	<u>\$ 280,212</u>	<u>\$ 200,307</u>	<u>\$ 234,298</u>	<u>\$ 228,458</u>	<u>\$ 220,991</u>	<u>\$ 225,978</u>	<u>\$ 216,280</u>

**ALLENDALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2010
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building and Contents,	\$ 500,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	
General Automobile Liability	5,000,000	1,000
Employee Benefits Liability	5,000,000	1,000
Excess Board of Education Liability	1,000,000	
	excess of \$4,000,000	
Athletic Equipment	500,000	1,000
Cameras	500,000	1,000
Data Processing Equipment	1,000,000	1,000
Musical Instruments	500,000	1,000
Valuable Papers and Records	100,000	1,000
Contractors Equipment	250,000	1,000
Miscellaneous Property	250,000	1,000
Flood/Earthquake	10,000,000	
	/\$25,000,000	25,000
Fine Arts	100,000	1,000
Extra Expense	250,000	
Crime Coverage, Employee Dishonesty	500,000	500
Crime - Inside/Outside	25,000	
	/\$25,000	500
Excess Property	5,000,000	
Environmental Site Specific Liability	1,000,000	
	/\$3,000,000	15,000
Boiler and Machinery	1,000,000	1,000
Excess Liability	50,000,000	
	excess of \$10,000,000	
Board of Education - Wrongful Acts	1,000,000	2,500
Workers Compensation	Statutory	
Surety Bonds		
Treasurer of School Moneys	210,000	N/A
School Board Secretary	100,000	N/A

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

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

Honorable President and Members
of the Board of Trustees
Allendale Board of Education
Allendale, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Allendale Board of Education's basic financial statements and have issued our report thereon dated December 1, 2010. 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Allendale Board of Education'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 Allendale Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Allendale Board of Education'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 Allendale Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

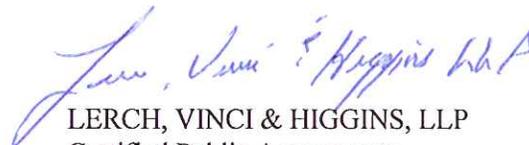
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allendale Board of Education'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 Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

However, we noted certain matters that we have reported to management of the Allendale Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 1, 2010.

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
December 1, 2010

LERCH, VINCI & HIGGINS, LLP

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**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 04-04**

Honorable President and Members
of the Board of Trustees
Allendale Board of Education
Allendale, New Jersey

Compliance

We have audited the Allendale Board of Education's compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Allendale Board of Education's major state programs for the fiscal year ended June 30, 2010. Allendale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Allendale Board of Education's management. Our responsibility is to express an opinion on Allendale Board of Education'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; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 Allendale Board of Education'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 Allendale Board of Education's compliance with those requirements.

In our opinion, Allendale Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010.

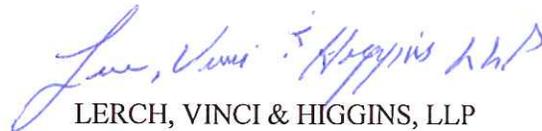
Internal Control Over Compliance

Management of Allendale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Allendale Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the 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 Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 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 combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 the Board of Trustees, management, the New Jersey State Department of Education and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
December 1, 2010

ALLEDALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture												
Passed-Through State Dept. of Education												
<i>Enterprise Fund</i>												
National School Lunch Program - Non-Cash Assistance	10.550	N/A	7/1/09-6/30/10	\$ 5,653			\$ 5,653	\$ 5,653				
Cash Assistance	10.555	N/A	7/1/09-6/30/10	16,945			15,718	16,945		\$ (1,227)		
Cash Assistance	10.555	N/A	7/1/08-6/30/09	16,314	\$ (3,146)		3,146					
Special Milk Program	10.556	N/A	7/1/09-6/30/10	1,602			1,456	1,602		(146)		
Special Milk Program	10.556	N/A	7/1/08-6/30/09	2,446	(482)		482					
Total U.S. Department of Agriculture					(3,628)		26,455	24,200	-	(1,373)		
U.S. Department of Education												
Passed-Through State Dept. of Education												
<i>Special Revenue Fund</i>												
Title II, Part A	84.367	NCLB0040-10	9/1/09-8/31/10	15,716		\$ (4,851)	20,526	16,004		(329)		
Title II, Part A	84.367	NCLB0040-09	9/1/08-8/31/09	15,799	(4,851)	4,851						
Title III, Part A	84.186	NCLB0040-10	9/1/09-8/31/10	32,231		(31,644)	42,655	19,107	\$ (1,321)	(22,920)	\$ 13,503	
Title III, Part A	84.186	NCLB0040-09	9/1/08-8/31/09	45,077	(31,644)	31,644						
Title IV, Part A	84.186	NCLB0040-10	9/1/09-8/31/10	1,547			1,547	1,547				
Title IV, Part A	84.186	NCLB0040-09	9/1/08-8/31/09	744	(635)		347	347				
Title V, Part A	84.298	NCLB0040-09	9/1/08-8/31/09	191,862			743	108				
ARRA I.D.E.A. Basic	84.391	N/A	9/1/09-8/31/10	191,862			56,359	60,488		(135,503)	131,374	
ARRA I.D.E.A. Preschool	84.392	N/A	9/1/09-8/31/10	6,945						(6,945)	6,945	
I.D.E.I.A. Part B, Basic Regular	84.027	NCLB0040-09	9/1/09-8/31/10	167,735			119,550	167,735		(48,185)		
I.D.E.I.A. Part B, Preschool	84.173	NCLB0040-10	9/1/09-8/31/10	7,337		(58)	6,655	7,211		(764)	130	
I.D.E.I.A. Part B, Preschool	84.173	NCLB0040-09	9/1/08-8/31/09	7,397	(58)	58						
Total U.S. Department of Education					(37,188)	-	248,362	272,547	(1,321)	(214,646)	151,952	-
Total Federal Awards					\$ (40,816)	\$ -	\$ 274,817	\$ 296,747	\$ (1,321)	\$ (216,019)	\$ 151,952	\$ -

Note: This schedule was not subject to a Federal Single Audit in accordance with OMB Circular A-133.
 See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

ALLEDALE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2009		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2010			MEMO
				(Accounts Receivable)/Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor	
State Department of Education														
<i>General Fund</i>														
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 22,997	\$ (2,619)	\$	\$ 20,061	\$ 22,997	\$ (2,936)	\$	\$	\$ (2,936)	\$	\$ 22,997	
Transportation Aid	09-495-034-5120-014	7/1/09-6/30/09	35,345			2,619							215,514	
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	215,514	(22,515)		188,004	215,514	(27,510)					215,514	
Special Education Aid	09-495-034-5120-089	7/1/09-6/30/09	303,846			22,515							42,867	
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	42,867	(1,254)		37,395	42,867	(5,472)					42,867	
Security Aid	09-495-034-5120-084	7/1/09-6/30/09	16,918			1,254							357,328	
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	357,328	(663,779)		663,779		(357,328)					357,328	
On-Behalf TPAF Pension	09-495-034-5120-044	7/1/09-6/30/09	663,779											
NCCI Premium	10-495-034-5095-007	7/1/09-6/30/10	20,472			20,472	20,472						20,472	
Post Retirement Medical	10-495-034-5095-007	7/1/09-6/30/10	384,493			384,493	384,493						384,493	
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/09-6/30/10	441,985	(21,935)		420,050	441,985	(21,935)				\$ (21,935)	441,985	
Reimbursed TPAF Social Security	09-495-034-5095-002	7/1/09-6/30/09	430,954			21,881								
Total General Fund				(712,048)		1,782,523	1,485,656	(415,181)				(21,935)	1,485,656	
New Jersey Economic Development Authority														
<i>Capital Projects Fund</i>														
Replacement of Unit Ventilators 3th Grade Wing	0040-010-009-1001	7/1/09-6/30/10	70,100	(511,271)		511,271	70,100	(70,100)				(70,100)	70,100	
Additional State Building Bid	04-495-034-5120-016		2,621,899											
Total Capital Projects Fund				(511,271)		511,271	70,100	(70,100)				(70,100)	70,100	
Debt Service Fund														
<i>Debt Service Aid Type II</i>														
Debt Service Aid Type II	10-495-034-5120-017	7/1/09-6/30/10	144,668			144,668	144,668						144,668	
Enterprise Fund														
<i>Enterprise Fund</i>														
National School Lunch Program	10-100-034-5120-122	7/1/09-6/30/10	2,256	(446)		2,089	2,256	(167)				(167)	2,256	
State Share	09-100-034-5120-122	7/1/09-6/30/09	2,331			446								
Total Enterprise Fund				(446)		2,535	2,256	(167)				(167)	2,256	
Total State Awards				(1,223,765)		2,440,997	1,702,680	(485,448)				(92,202)	1,702,680	
State Financial Assistance														
<i>Not Subject to Single Audit Determination</i>														
<i>General Fund</i>														
On-Behalf TPAF NCCI Premium	10-495-034-5095-007	7/1/09-6/30/10	20,472			(20,472)							(20,472)	
On-Behalf TPAF Post-Retirement Medical Contribut	10-495-034-5095-007	7/1/09-6/30/10	384,493			(384,493)							(384,493)	
Total State Awards				(1,223,765)		2,036,032	1,297,715	(485,448)				(92,202)	1,297,715	

See Accompanying Notes to the Schedule of Expenditure of Federal Awards and State Financial Assistance.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Allendale Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal 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 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 1(C) to the Board's 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 (RSI) 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$296,921 for the general fund and \$31,419 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual 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 presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,782,577	\$ 1,782,577
Special Revenue Fund	\$ 303,966		303,966
Capital Projects Fund		70,100	70,100
Debt Service Fund		144,668	144,668
Food Service Fund	<u>24,200</u>	<u>2,256</u>	<u>26,456</u>
 Total Financial Assistance	 <u>\$ 328,166</u>	 <u>\$ 1,999,601</u>	 <u>\$ 2,327,767</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$414,985 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, 2010. The amount reported as TPAF Pension System Contributions - NCGI Premium in the amount of \$20,472 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$384,493 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part I – Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditors' report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? yes X no

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>10-495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>10-495-034-5095-002</u>	<u>Social Security Aid</u>
<u> </u>	<u> </u>

ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, 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*.

THERE ARE NONE.

ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 3 – Schedule of Federal and State Award 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.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**ALLENDALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

THERE WERE NONE.