

Alloway Township School
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

ALLOWAY TOWNSHIP SCHOOL DISTRICT

ALLOWAY, NEW JERSEY 08001

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Of the

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

For the Fiscal Year Ended June 30, 2010

Prepared by:

**Alloway Township School
Board of Education Administration**

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INTRODUCTORY SECTION

Alloway Township School



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Alloway, New Jersey 08001

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ROBERT J BAZZEL, SUPERINTENDENT

Fax – 856.935.3017

REBECCA S. JOYCE, BUSINESS ADMINISTRATOR

September 13, 2010

Honorable President and
Members of the Board of Education
Alloway Township School District
County of Salem, New Jersey
Alloway, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Alloway Township School District for the fiscal year ending 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, MD&A and the basic financial statements including the district-wide statements fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Alloway Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Alloway Township Board of Education and its one school (grades pre-K to 8), constitute the District's reporting entity. We completed the 2009-2010 school year with an average daily enrollment of 462.3 which is a slight increase over the previous year's enrollment.

2) ECONOMIC CONDITIONS AND OUTLOOK

Alloway Township encompasses thirty-four square miles, and is experiencing a period of housing development and expansion, which is expected to continue with two results: 1) an increased tax base, and 2) a loss of land and the rural aspect, of which Alloway Township is famous. The above figures continue to reflect the economic condition of Alloway.

3) MAJOR INITIATIVES

Alloway Township values its unique heritage and is rightly proud of a history of student achievement. Alloway Township School District continues to support quality educational opportunities for all students in a changing community and world. Staff members are committed to provide excellent instruction to prepare our students for their place in the global economy of the 21st century. Curriculum renewal, quality staff development and implementation of best practices of instruction have kept the District at the leading edge of educational improvement. Our students score consistently above the state average in the NJ ASK state tests. We continue to strive for excellence and high achievement of all students and are working towards increasing the number of students scoring in the Advanced Proficient category on these tests.

Major initiatives in the District focus on formative assessments and data driving instruction. These initiatives include:

- * Benchmark Assessments - We will be assessing student growth as compared to the state standards in all subject areas throughout the year so that data drives our educational decision making. We utilize DIBELS Language Arts and DIBELS Math as well as Learnia and teacher created assessment tools.

- * Twenty-first Century Learning – Our students will lead their lives in a world much different than ours. Communication and information processing has already changed in unimaginable ways over the last ten years. Our school must transition to a school that focuses on the skills they will need. These include: Critical Thinking and Problem Solving, Collaboration across Networks and Leading by Influence, Agility and Adaptability, Initiative and Entrepreneurialism, Effective Oral and Written Communication, Accessing and Analyzing Information, and Curiosity and Imagination.

- * Professional Learning Communities – small groups of teachers utilizing data to work together to improve instruction.

- * Mimio smart board program where students participate in truly interactive classrooms.

Curriculum offerings are continually being evaluated and revised to include research-based strategies to improve student learning. Utilizing Connected Math and Everyday Math curricula, our students continue to display superior achievement in mathematics. Beside the traditional courses of study, our students are offered advanced mathematics in grades 7 and 8 and Advanced Language Arts in grade 8. With our fully equipped science lab now functional, we are offering the advanced 8th grade lab science previously only offered at Woodstown H.S., in District. We are able to offer advanced Spanish to 7th & 8th grade

students on site by a certified World Language teacher. Our after-school enrichment program has offerings in leadership, drama, music, art, technology, creative problem solving and psychomotor skill development.

Community and parental involvement are crucial to the success of our public schools. There are many opportunities available to parents, grandparents and community members to be active participants in the daily activities of the school. Classroom teachers welcome volunteer tutors and aides to assist in helping students become more successful. Volunteers are also invited to read a favorite book, share their occupation and/or travel experiences with our students. Parent nights, special programs and involvement in the Parent-Teacher Association are some other avenues for participation.

Alloway Township residents have been very supportive of advancing education for their young people. The community has provided support through a variety of means, not the least of which is our PTA which continually funds programs and activities for our children that would not otherwise be possible. The following Mission Statement was developed to guide school personnel, the community and Board of Education in making educational decisions:

The Mission of the Alloway Township School District is:

- * To provide all students with an equal opportunity to achieve excellence and reach their full potential as lifelong learners.
- * To enable students to meet challenges with courage, conviction and confidence.
- * To expect that all students shall master the skills stipulated in the New Jersey Core Curriculum Content Standards at all grade levels.
- * To provide quality programs through the dedication of committed, skilled teachers, administrators.
- * To maintain a staff of professional educators that supports the New Jersey Core Curriculum Content Standards and the New Jersey Standards for Professional Development.
- * To work collaboratively with parents to ensure a safe, orderly, caring and supportive community for learning.

4) 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 is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (G.A.A.P.). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with

applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As a 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.

5) 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 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, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of the fund balance at year end.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the G.A.S.B. The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net assets.

7) DEBT ADMINISTRATION

At June 30, 2010, the District's outstanding debt issues included \$2,816,000 of general obligation bonds. In March 2005, the District issued general obligation bonds in the amount of \$3,416,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide capital improvements to the District's buildings and grounds. These improvements include construction of an addition to the existing school building, upgrades and renovations to existing areas, air conditioning of existing rooms and the acquisition of school furniture and other equipment as necessary.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workmen's compensation and fidelity bonds.

10) OTHER INFORMATION

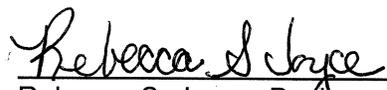
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the revised OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS

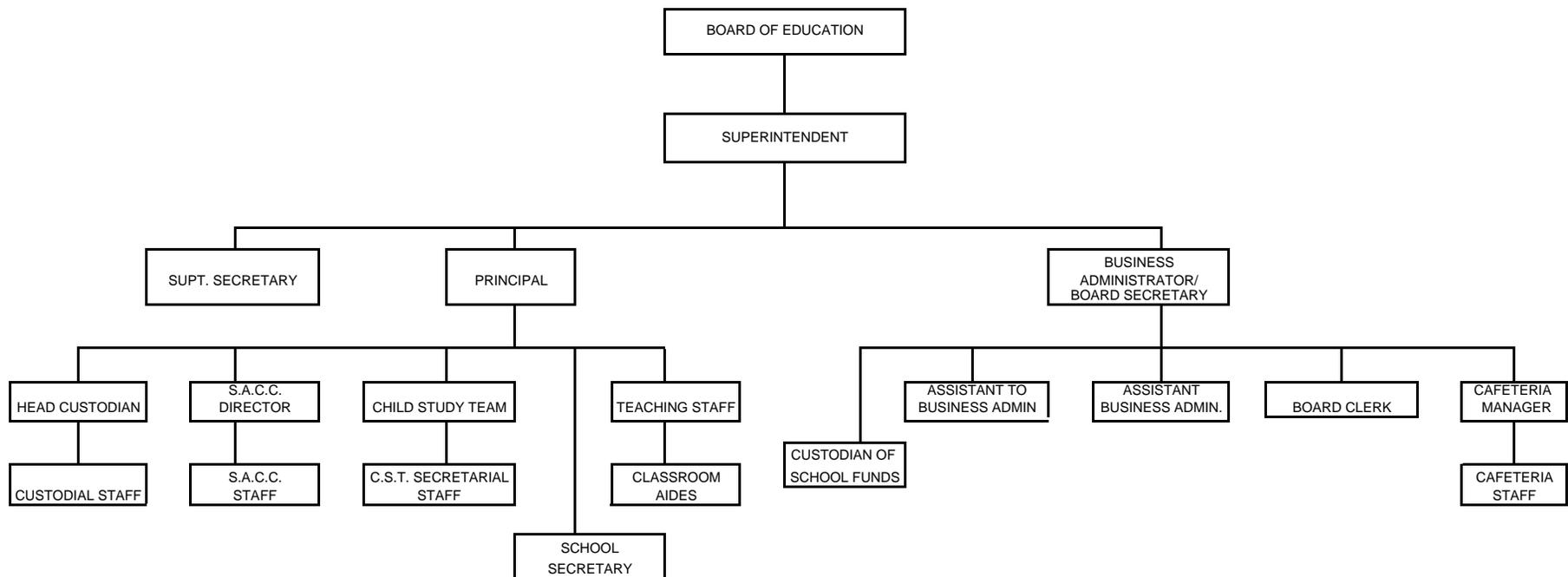
We would like to express our appreciation to the members of the Alloway Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial 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,


Robert J. Bazzel, Superintendent


Rebecca S. Joyce, Business Administrator

ALLOWAY TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE



**ALLOWAY TOWNSHIP BOARD OF EDUCATION
ALLOWAY, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2010

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
A. David Lounsbury, President	2013
Richard C. Morris, Vice President	2011
Michael Clarke	2011
Michael Dennison	2012
Philip Donohue	2013
Joseph Dyer, Jr.	2012
Albert Floyd	2012
Harry Pankok	2011
Meghan Price	2013

OTHER OFFICIALS

Robert Bazzel, Superintendent

Rebecca S. Joyce, Business Administrator/Board Secretary

Kevin Crouch, Treasurer

ALLOWAY TOWNSHIP BOARD OF EDUCATION
Alloway, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
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P. O. Box 279
Glassboro, NJ 08028

ATTORNEY

Louis Shapiro
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Vineland, NJ 08362-0787

OFFICIAL DEPOSITORY

The Bank
1 South Main Street
Woodstown, NJ 08098

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Alloway Township School District
County of Salem
Alloway, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Alloway Township School Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2010 on our consideration of the Alloway Township School Board of Education's internal control over financial reporting and our test 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison be presented to supplement the basic financial statements (see outline of CAFR for page numbers). Such information, although not a part of the basic financial statements, is required by the *Government Auditing Standards* Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alloway Township School Board of Education's financial statements as a whole. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules 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* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 13, 2010

Required Supplementary Information – Part I

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

This section of the Alloway Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2010. Comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be present in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in connection with this document in order to enhance and clarify their understanding of the finances of the District.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short-term and long-term* financial information about activities the District operates *like 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.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District'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.

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

Figure 1: Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary 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	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary 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	Accrual accounting and economic resources focus
Type of Asset/Liability	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	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the 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	All additions and deductions during the year, regardless of when cash is received or paid

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

District-wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program and SACC program would be included here.

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 establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader 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, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- *Internal service funds:* (the other kind of proprietary fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities and for other Districts. The District currently has internal service funds for shared business services, child study team services and shared superintendent services.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Figure 2

Alloway Township School District's Net Assets						
	2010		2009		Total	
	Governmental	Business- Type	Governmental	Business- Type	2010	2009
Assets						
Current and Other Assets	1,051,797	31,984	1,228,965	28,560	1,083,781	1,257,525
Capital Assets	6,648,720	5,698	6,830,183	7,223	6,654,418	6,837,406
Total Assets	7,700,517	37,682	8,059,148	35,783	7,738,199	8,094,931
Liabilities						
Current Liabilities	130,056	802	113,148	6,336	130,858	119,484
Noncurrent Liabilities	2,923,646	1,450	3,075,928	1,450	2,925,096	3,077,378
Total Liabilities	3,053,702	2,252	3,189,076	7,786	3,055,954	3,196,862
Net Assets						
Invested in Capital Assets, Net of Related Debt	3,832,720	5,698	3,864,183	7,223	3,838,418	3,871,406
Restricted	1,002,695		1,187,631		1,002,695	1,187,631
Unrestricted	(188,600)	29,732	(181,742)	20,774	(158,868)	(160,968)
Total Net Assets	4,646,815	35,430	4,870,072	27,997	4,682,245	4,898,069

Net assets: The District's combined total assets are \$7,738,199 on June 30, 2010 (See Exhibit A-1). Approximately .4% of the total net assets are from business-type activities, while the balance of the total net assets is 99.6%, attributable to governmental activities.

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

**Alloway Township School District's Net Assets
Changes in Net Assets**

	2010		2009		Total	
	Governmental	Business- Type	Governmental	Business- Type	2010	2009
Revenues						
Program revenues						
Charges for services	348,510	198,910	359,910	247,541	547,420	607,451
Operating grants and contributions	260,757	38,474	223,363	41,569	299,231	264,932
General revenues						
Property taxes	3,597,120		3,577,080		3,597,120	3,577,080
Grants and entitlements	3,994,238		4,045,455		3,994,238	4,045,455
Other	37,274		29,482		37,274	29,482
Total revenues	8,237,899	237,384	8,235,290	289,110	8,475,283	8,524,400
Expenses						
Instruction-related	2,531,815		2,419,103		2,531,815	2,419,103
Student support services	2,846,545		2,813,083		2,846,545	2,813,083
School administration	141,964		135,929		141,964	135,929
General administration	245,370		247,425		245,370	247,425
Central services	347,006		322,796		347,006	322,796
Administrative info. technology	2,215		1,680		2,215	1,680
Plant operations & maintenance	400,333		462,664		400,333	462,664
Pupil transportation	344,806		350,322		344,806	350,322
Employee benefits	1,239,243		1,225,247		1,239,243	1,225,247
Interest on debt	121,640		126,640		121,640	126,640
Food service		163,777		210,494	163,777	210,494
Unallocated depreciation	230,219		239,731		230,219	239,731
Other		76,174	2,533	86,966	76,174	89,499
Total Expenses	8,451,156	239,951	8,347,153	297,460	8,691,107	8,644,613
Transfers	(10,000)	10,000	8,941	-8,941		
Increase (Decrease) in Net Assets	(223,257)	7,433	(102,922)	(17,291)	(215,824)	(120,213)

Changes in net assets: The District's total revenues are \$8,475,283 for the fiscal period ended June 30, 2010 (See Exhibit A-2). The revenue breakout for all funds is as follows: Property taxes 42%, grants and entitlements 47% and the remainder, 11% from fees charged for services and miscellaneous resources.

The District's predominant expenses are related to instruction and student support services which is approximately 62%. Another 5% each is related to Maintenance & Operations. Administrative & Business departments accounts for 7%. Transportation expenses make up 4 % of the District's expenses. Employee benefits make up 14% of the District's expenses and interest on debt service accounts for 1%. Depreciations accounts for 2% and Proprietary Fund such as Food Service and Childcare 2%.

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

Governmental Activities

Revenues for governmental activities were \$8,237,899 while total expenses amounted to \$8,451,156 (See Exhibit A-2). This resulted in a decrease in net assets in governmental activities of \$223,257 for 2010 and \$102,922 for 2009.

Overall, the District's financial position can be credited to increased revenue and controlling expenses due to the impending state budget crisis, and the District securing grants to supplement local and state funding.

Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services and after school child care) were comprised of charges for services, federal and state reimbursements and investment earnings.

- Business-type activities revenue exceeded expenditures by \$7,433.
- Charges for services represent \$198,910 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and special milk and donated commodities were \$38,474.

Financial Analysis of the District's Funds

The strong financial performance of the District as a whole is primarily reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$894,715 (See Exhibit B-1). The District also controlled expenditures. Fund balance for the General Fund had a decrease of \$160,336. Capital Projects Fund balance was \$19,739, General Fund balance amounted to \$874,976.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$271,673 in fund balance and \$47,045 of prior year encumbrances for this fiscal period. Due to the impending State budget crisis, actual expenditures in the fiscal year was minimized, there was a decrease of \$160,336 in fund balance.

Capital Assets

The Alloway Township School investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounted to \$6,654,418 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture (more detailed information about capital assets can be found in Note 5 to the financial statements).

**Alloway Township School District
Alloway, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2010
Unaudited**

Alloway Township School District's Capital Assets

	2010		2009		Total	
	Governmental	Business- Type	Governmental	Business- Type	2010	2009
Land	153,751		153,751		153,751	153,751
Construction in Progress	45,106				45,106	
Site Improvements	15,537		16,524		15,537	16,524
Buildings	6,351,114		6,571,344		6,351,114	6,571,344
Machinery & Equipment	83,212	5,698	88,564	7,223	88,910	95,787
Total	6,648,720	5,698	6,830,183	7,223	6,654,418	6,837,406

Long-Term Debt

At year-end, the District had \$2,816,000 in general obligation bonds and other long-term debt outstanding. During fiscal year 2004-2005, the District sold \$3.4 million in general obligation bonds to help finance facilities construction and improvements throughout the District.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- State Formula Aid for the fiscal year 2010-2012 increased due to a change in the state aid formula funding, which is offset by a decrease in federal funding.
- The District's special revenue is an unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Rebecca S. Joyce, Business Administrator, Alloway Township School District, P.O. Box 327, 43 Cedar Street, Alloway, NJ 08001.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Totals FY 2010
<u>ASSETS</u>			
Cash and cash equivalents	424,982	26,035	451,017
Receivables, net	174,403	2,871	177,274
Inventory		3,078	3,078
Restricted assets:			
Restricted cash and cash equivalents	19,739		19,739
Capital reserve account - cash	432,673		432,673
Capital assets			
Non-depreciable assets	198,857		198,857
Assets net of depreciation	6,449,863	5,698	6,455,561
Total Assets	7,700,517	37,682	7,738,199
<u>LIABILITIES</u>			
Cash overdraft	116,894		116,894
Accounts payable	8,922		8,922
Payable to state government	4,240		4,240
Deferred revenue		802	802
Noncurrent liabilities:			
Due within one year	150,000		150,000
Due beyond one year	2,773,646	1,450	2,775,096
Total liabilities	3,053,702	2,252	3,055,954
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,832,720	5,698	3,838,418
Restricted for:			
Capital projects	452,412		452,412
Other purposes	550,283		550,283
Unrestricted	(188,600)	29,732	(158,868)
Total net assets	4,646,815	35,430	4,682,245

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	1,898,691			(1,898,691)		(1,898,691)
Special education	505,573		161,296	(344,277)		(344,277)
Other special education	98,670			(98,670)		(98,670)
Other instruction	28,881			(28,881)		(28,881)
Support services:						
Tuition	2,312,767			(2,312,767)		(2,312,767)
Student & instructional related services	533,778	76,200	93,619	(363,959)		(363,959)
General administration	245,370	77,956		(167,414)		(167,414)
School administrative services	141,964			(141,964)		(141,964)
Central services	347,006	194,354		(152,652)		(152,652)
Administration information tech.	2,215			(2,215)		(2,215)
Plant operations & maintenance	400,333			(400,333)		(400,333)
Pupil transportation	344,806			(344,806)		(344,806)
Employee benefits	1,239,243		5,842	(1,233,401)		(1,233,401)
Interest on long-term debt	121,640			(121,640)		(121,640)
Unallocated depreciation	230,219			(230,219)		(230,219)
Total governmental activities	<u>8,451,156</u>	<u>348,510</u>	<u>260,757</u>	<u>(7,841,889)</u>		<u>(7,841,889)</u>
Business-type activities:						
Food Service	163,777	117,739	38,474		(7,564)	(7,564)
Other Activities	76,174	81,171			4,997	4,997
Total business-type activities	<u>239,951</u>	<u>198,910</u>	<u>38,474</u>		<u>(2,567)</u>	<u>(2,567)</u>
Total primary government	<u>8,691,107</u>	<u>547,420</u>	<u>299,231</u>	<u>(7,841,889)</u>	<u>(2,567)</u>	<u>(7,844,456)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose, net				3,325,480		3,325,480
Taxes levied for debt service				271,640		271,640
Federal and State aid not restricted				3,377,230		3,377,230
Federal aid restricted				617,008		617,008
Investment Earnings				12,961		12,961
Miscellaneous Income				24,313		24,313
Transfers				(10,000)	10,000	
Total general revenues, special items, extraordinary items and transfers				<u>7,618,632</u>	<u>10,000</u>	<u>7,628,632</u>
Change in Net Assets				(223,257)	7,433	(215,824)
Net Assets - beginning				4,870,072	27,997	4,898,069
Net Assets - end				<u>4,646,815</u>	<u>35,430</u>	<u>4,682,245</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICTBalance Sheet
Governmental Funds
June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total FY 2010</u>
<u>ASSETS</u>				
Cash and cash equivalents	395,752		19,739	415,491
Receivables from other governments	46,993	127,410		174,403
Restricted cash and cash equivalents	432,673			432,673
Total Assets	<u>875,418</u>	<u>127,410</u>	<u>19,739</u>	<u>1,022,567</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Cash overdraft		116,894		116,894
Accounts payable	442	6,276		6,718
Payable to state government		4,240		4,240
Total liabilities	<u>442</u>	<u>127,410</u>		<u>127,852</u>
Fund Balances:				
Reserved for:				
Encumbrances	20,182			20,182
Capital reserve account	432,673			432,673
Maintenance reserve	40,000			40,000
Excess surplus	130,553			130,553
Excess surplus - designated for subsequent year's expenditures	337,428			337,428
Designated for subsequent year's expenditures	22,120			22,120
Unreserved, reported in:				
General Fund	(107,980)			(107,980)
Special Revenue Fund				
Capital Projects Fund			19,739	19,739
Total fund balances	<u>874,976</u>		<u>19,739</u>	<u>894,715</u>
Total liabilities and fund balances	<u>875,418</u>	<u>127,410</u>	<u>19,739</u>	

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	<u>FY 2010</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 assets is \$9,951,096 and the accumulated depreciation is \$3,302,376 (see Note 6).	6,648,720
Internal Service Funds are used by management to charge the costs of certain activities, such as business services and food service to other governments. Assets and liabilities of the Internal Service Funds of \$27,384 less \$358 which represents food service and are included in business-type activities in the Statement of Net Assets.	27,026
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	<u>(2,923,646)</u>
Net assets of governmental activities	<u><u>4,646,815</u></u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total FY 2010
<u>REVENUES</u>					
Local tax levy	3,325,480			271,640	3,597,120
Interest earned on investments	6,929				6,929
Interest earned on capital reserve funds	6,032				6,032
Miscellaneous	24,313				24,313
	<u>3,362,754</u>			<u>271,640</u>	<u>3,634,394</u>
State sources	3,377,230	3,445			3,380,675
Federal sources	617,008	253,313			870,321
Local sources		3,999			3,999
Total revenues	<u>7,356,992</u>	<u>260,757</u>		<u>271,640</u>	<u>7,889,389</u>
<u>EXPENDITURES</u>					
Current:					
Regular instruction	1,899,191				1,899,191
Special education instruction	344,637	161,296			505,933
Other special instruction	105,590				105,590
Other instruction	28,881				28,881
Support services & undistributed costs:					
Tuition	2,312,767				2,312,767
Student & instruction related services	375,184	93,619			468,803
General administration	167,452				167,452
School administrative services	141,901				141,901
Central services	147,320				147,320
Administration information tech.	2,215				2,215
Plant operations and maintenance	400,333				400,333
Pupil transportation	344,806				344,806
Employee benefits	1,233,401	5,842			1,239,243
Debt service:					
Principal				150,000	150,000
Interest and other charges				121,640	121,640
Capital outlay	3,650		45,106		48,756
Total expenditures	<u>7,507,328</u>	<u>260,757</u>	<u>45,106</u>	<u>271,640</u>	<u>8,084,831</u>
Excess (Deficiency) of revenues over expenditures	<u>(150,336)</u>		<u>(45,106)</u>		<u>(195,442)</u>
Other financing Sources (Uses)					
Transfers to Food Service Fund	(10,000)				(10,000)
Total other financing sources (uses)	<u>(10,000)</u>				<u>(10,000)</u>
Net change in fund balances	(160,336)		(45,106)		(205,442)
Fund balance - July 1	1,035,312		64,845		64,845
Fund balance - June 30	<u>874,976</u>		<u>19,739</u>		<u>(140,597)</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Total net change in fund balances - governmental funds (from B-2)		(205,442)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Capital outlays	48,756
	Depreciation expense	<u>(230,219)</u>
		(181,463)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.</p>		
	Bond principal payments	150,000
<p>Internal service funds are used by management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating income \$11,410 less \$44 for food service are included in the governmental activities and Statement of Net Assets (see Exhibit G-5).</p>		
		11,366
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		<u>2,282</u>
Change in net assets of governmental activities		<u><u>(223,257)</u></u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Business-type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Food Service Fund</u>	<u>Other Funds</u>	<u>Totals FY 2010</u>	
ASSETS:				
Current assets:				
Cash and cash equivalents	10,792	14,885	25,677	29,588
Accounts Receivable:				
State	142		142	
Federal	1,977		1,977	
Other		752	752	
Inventory	3,078		3,078	
Total Current assets	15,989	15,637	31,626	29,588
Noncurrent assets:				
Furniture, machinery & equipment	61,214		61,214	
Less: accumulated depreciation	(55,516)		(55,516)	
Total Non-current assets	5,698		5,698	
Total assets	21,687	15,637	37,324	
LIABILITIES:				
Intergovernmental accounts payable				2,204
Deferred Revenue		802	802	
Compensated absences	1,450		1,450	
Total liabilities	1,450	802	2,252	2,204
NET ASSETS				
Invested in capital assets net of related debt	5,698		5,698	
Unrestricted	14,539	14,835	29,374	27,384
Total net assets	20,237	14,835	35,072	27,384

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2010	
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	66,335		66,335	
Daily sales-special milk program	607		607	
Daily sales non-reimbursable programs	40,097		40,097	
Other charges and fees				359,210
Community service activities		81,171	81,171	
Total operating revenue	107,039	81,171	188,210	359,210
OPERATING EXPENSES:				
Salaries	51,656	58,945	110,601	288,872
Employee benefits	25,664	5,131	30,795	55,215
Purchased professional/technical services	2,213		2,213	
Other purchased services (400-500 series)		1,657	1,657	2,178
Supplies and materials	511	6,071	6,582	518
Cost of sales	70,161		70,161	
Miscellaneous other expenses	1,391	4,370	5,761	1,017
Depreciation	1,525		1,525	
Total operating expenses	153,121	76,174	229,295	347,800
Operating income (loss)	(46,082)	4,997	(41,085)	11,410
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - State	2,119		2,119	
Federal sources:				
National school lunch program	28,472		28,472	
Special milk program	389		389	
Food distribution program	7,494		7,494	
Total non-operating revenues (expenses)	38,474		38,474	
Income (loss) before operating transfers	(7,608)	4,997	(2,611)	11,410
Other financing sources:				
Board contribution	10,000		10,000	
Net income (loss)	2,392	4,997	7,389	11,410
Total net assets - beginning	17,845	9,838	27,683	15,974
Total net assets - ending	20,237	14,835	35,072	27,384

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2010	
Cash flows from operating activities:				
Receipts from customers	107,039	75,726	182,765	361,414
Payments to suppliers	(65,956)	(12,098)	(78,054)	(3,713)
Payments to employees	(51,656)	(58,945)	(110,601)	(288,872)
Payments for employee benefits	(25,664)	(5,131)	(30,795)	(55,215)
Net cash provided (used) by operating activities	<u>(36,237)</u>	<u>(448)</u>	<u>(36,685)</u>	<u>13,614</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	28,861		28,861	
Board contribution	10,000		10,000	
Net cash provided by non-capital financing activities	<u>38,861</u>		<u>38,861</u>	
Net increase in cash & cash equivalents	2,624	(448)	2,176	13,614
Cash and cash equivalents - July 1	8,168	15,333	23,501	15,974
Cash and cash equivalents - June 30	<u>10,792</u>	<u>14,885</u>	<u>25,677</u>	<u>29,588</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities: Operating income (loss)	(46,082)	4,997	(41,085)	11,410
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	1,525		1,525	
Food distribution program	7,494		7,494	
Change in assets and liabilities:				
Increase (decrease) in accts. receivable		89	89	
(Increase) decrease in inventory	826		826	
Increase (decrease) in deferred revenue		(5,534)	(5,534)	
Increase in accounts payable				2,204
	<u>(36,237)</u>	<u>(448)</u>	<u>(36,685)</u>	<u>13,614</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>FY 2010</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	38,774
	<hr/>
Total assets	38,774
	<hr/>
LIABILITIES	
Current liabilities:	
Due to student groups	11,180
Payroll deductions and withholdings	27,594
	<hr/>
Total current liabilities	38,774
	<hr/>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Alloway Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are 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.

The financial statements of the Board of Education of Alloway Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (G.A.S.B.) and the pronouncements of the Financial Accounting Standards Board (F.A.S.B.) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (G.A.S.B.) pronouncements. Although the District has the option to apply (F.A.S.B.) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in (G.A.A.P.) and used by the District are discussed below.

A. Reporting Entity

The Alloway Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K – 8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the G.A.S.B. Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. Government-wide Statements

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects and debt service are classified as governmental activities. The District's food service and latchkey programs are classified as business-type activities.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or business-type activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

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

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

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

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

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

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

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

PROPRIETARY FUNDS

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

Enterprise Funds – The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and therefore not available to support District programs. The reporting focus is on net assets, changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The fiduciary funds include Student Activity Fund, Payroll, Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized

The governmental funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute (N.J.S.A. 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food - Commodities	2,628
Food	450
	3,078

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site Improvements	15-20
Building & Improvements	20-50
Machinery & Equipment	5-20

H. Revenues

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

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

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

K. Interfund Receivables/Payables

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants 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.

N. Encumbrances

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 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.

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

S. Use of Estimates

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Depository Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2010 and 2009, was \$825,309 and \$979,942. As of June 30, 2010 and 2009 \$0 of the District's bank balance of \$1,008,459 and \$1,111,049, respectively, was exposed to custodial credit risk.

NOTE 3: INVESTMENTS

As of June 30, 2010 and 2009, the District did not have any investments.

Interest rate risk: The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute N.J.S.A. 18A:20-37 limits the length of time for most investments to 397 days.

Credit risk: New Jersey statute N.J.S.A. 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit risk: The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2010, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State Aid	46,993	142
Other		752
Federal Aid	127,410	1,977
	<u>174,403</u>	<u>2,871</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$5,000 on September 28, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

The June 30, 2010 L.R.F.P. balance of local support costs of uncompleted capital projects is \$1,380,000.

Beginning balance, July 1, 2009	426,640
Interest Earnings	<u>6,033</u>
Ending Balance June 30, 2010	<u><u>432,673</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2010.

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activities:				
Capital assets not being depreciated				
Construction in progress		45,106		45,106
Sites (Land)	153,751			153,751
Total capital assets not being depreciated	<u>153,751</u>	<u>45,106</u>		<u>198,857</u>
Site Improvements	92,474			92,474
Building & Building Improvements	9,053,628			9,053,628
Machinery & Equipment	669,393	3,650	66,906	606,137
Totals at historical cost	<u>9,815,495</u>	<u>3,650</u>	<u>66,906</u>	<u>9,752,239</u>
Less: Accumulated depreciation				
Site Improvements	(75,950)	(987)		(76,937)
Building & Building Improvements	(2,482,284)	(220,230)		(2,702,514)
Machinery & Equipment	(580,829)	(9,002)	66,906	(522,925)
Total accumulated depreciation	<u>(3,139,063)</u>	<u>(230,219)</u>	<u>66,906</u>	<u>(3,302,376)</u>
Governmental activities capital assets, net	<u>6,830,183</u>	<u>-181,463</u>		<u>6,648,720</u>
Business-type activities:				
Machinery & Equipment	61,214			61,214
Less: Accumulated depreciation	(53,991)	(1,525)		(55,516)
Business-type capital assets, net	<u>7,223</u>	<u>(1,525)</u>	None	<u>5,698</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 7: GENERAL LONG-TERM DEBT

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

\$3,416,000 School Bonds dated March 1, 2005, payable in annual installments through 3/1/2025. Interest is paid semi-annually at an interest rate from 4% to 4.25%. The remaining balance at June 30, 2010 was \$2,816,000.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2010, are as follows:

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2010</u>	<u>Due within one year</u>
Compensated Absences	109,928	10,711	12,993	107,646	
Bonds payable	<u>2,966,000</u>		<u>150,000</u>	<u>2,816,000</u>	<u>150,000</u>
	<u>3,075,928</u>	<u>10,711</u>	<u>162,993</u>	<u>2,923,646</u>	<u>150,000</u>

Bonds Payable

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

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	150,000	115,640	265,640
2012	150,000	109,640	259,640
2013	150,000	103,640	253,640
2014	185,000	97,640	282,640
2015	185,000	90,240	275,240
2016-2020	996,000	334,840	1,330,840
2021-2024	<u>1,000,000</u>	<u>127,500</u>	<u>1,127,500</u>
	<u>2,816,000</u>	<u>979,140</u>	<u>3,795,140</u>

Bonds Authorized but Not Issued

As of June 30, 2010, the Board has \$0 of bonds authorized but not issued.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2010, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (P.E.R.S.), or Teachers' Pension and Annuity Fund (T.P.A.F.) a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

Teachers' Pension and Annuity Fund (T.P.A.F.) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is generally required for 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 or other state or local jurisdiction.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. T.P.A.F. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S and T.P.A.F. The P.E.R.S. rates in effect for April 2010 are 8.95% of covered payroll, respectively as reported on June 30, 2008. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions to P.E.R.S for the years ending June 30, 2010, 2009 and 2008 were \$50,000, \$42,837 and \$30,373 respectively, equal to the required contributions for each year. The School District's contributions to T.P.A.F for the years ending June 30, 2010, 2009 and 2008 were \$178,269, \$166,542 and \$336,118 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2010, 2009 and 2008 were \$3,666,372, \$3,626,302 and \$3,391,382, covered payroll was \$2,772,470, \$2,752,011 and \$2,523,870 for T.P.A.F. and \$603,582, \$596,378 and \$543,283 for P.E.R.S.

Defined Contribution Retirement Program – The Defined Contribution Retirement Program (D.C.R.P.) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.A.C. 43:15C-1 et. seq.). The D.C.R.P. provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District did not make any contributions for the fiscal year 2010, as no employees participated in this plan.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating twenty-five years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through (T.P.A.F.) and (P.E.R.S.). It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009,

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed, from a pre-funding basis, to a pay-as-you-go basis, beginning in fiscal year 1994.

The state made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of P.E.R.S. and the Alternate Benefit Program who retired from a board of education or county college with twenty-five years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

NOTE 10: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

ING
Equitable Life Insurance

Lincoln Investment Planning, Inc.
MetLife

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (G.A.S.B. 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2010 is \$107,646. The liability for compensated absences in the food service fund at June 30, 2010 is \$1,450.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2010, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group – ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

NOTE 13: FUND BALANCE APPROPRIATED

General Fund – (Exhibit B-1) Of the \$874,976 fund balance at June 30, 2010, \$20,182 is reserved for encumbrances; \$467,981 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$337,428 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$432,673 has been reserved in the capital reserve account; \$22,120 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; \$40,000 has been reserved as maintenance reserve; and \$(107,980) is unreserved and undesignated.

Debt Service Fund - There was \$0 fund balance at June 30, 2010.

NOTE 14: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance – Excess surplus is a required calculation pursuant N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$467,981.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 15: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$107,980 (Exhibit B-1) in the General Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, G.A.S.B. Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the School District can not recognize the last state aid payment on the G.A.A.P. financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 16: ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations. State sources funded approximately 43% of the District's 2009-2010 governmental operations.

NOTE 17: CONTINGENT LIABILITIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Alloway Township School District that would have a material or adverse effect on the Board or the financial position of the District.

Required Supplementary Information - Part II

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	3,325,480		3,325,480	3,325,480	
Interest on investments	30,000		30,000	6,929	(23,071)
Interest on capital reserve funds	10,000		10,000	6,032	(3,968)
Miscellaneous				24,313	24,313
Total - local sources	<u>3,365,480</u>		<u>3,365,480</u>	<u>3,362,754</u>	<u>(2,726)</u>
State sources:					
Equalization aid	3,400,503	(617,008)	2,783,495	2,437,312	(346,183)
Transportation aid	294,773		294,773	191,602	(103,171)
Special education aid	310,460		310,460	310,460	
Security aid	44,988		44,988	29,242	(15,746)
Extraordinary aid				40,804	40,804
Nonpublic transportation costs				4,206	4,206
Teachers' Pension & Annuity Fund (On-behalf non-budgeted)				9,012	9,012
T.P.A.F. post retirement medical (On-behalf non-budgeted)				169,257	169,257
Reimbursed T.P.A.F. social security contributions (non-budgeted)				207,515	207,515
Total - state sources	<u>4,050,724</u>	<u>(617,008)</u>	<u>3,433,716</u>	<u>3,399,410</u>	<u>(34,306)</u>
Federal sources:					
Education stabilization fund		594,013	594,013	594,013	
Government services recovery act		22,995	22,995	22,995	
		<u>617,008</u>	<u>617,008</u>	<u>617,008</u>	
Total revenues	<u>7,416,204</u>		<u>7,416,204</u>	<u>7,379,172</u>	<u>(37,032)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	72,400		72,400	69,230	3,170
Kindergarten	160,800		160,800	158,264	2,536
Grades 1-5	981,000		981,000	952,987	28,013
Grades 6-8	500,000	(400)	499,600	474,988	24,612
Regular programs - home instruction:					
Salaries of teachers	1,100		1,100	851	249
Purchased professional-education services	2,000		2,000	351	1,649
Regular programs - undistributed instruction:					
Other salaries for instruction	23,700		23,700	22,856	844
Purchased professional-education services	800		800		800
Purchased technical services	7,950		7,950	4,690	3,260
Other purchased services	60,710	(10,000)	50,710	45,524	5,186
General supplies	176,864	12,645	189,509	165,773	23,736
Textbooks	4,000	(3,500)	500	249	251
Miscellaneous expenditures	3,375	55	3,430	3,428	2
Total regular programs	1,994,699	(1,200)	1,993,499	1,899,191	94,308
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers		55,250	55,250	55,248	2
Total learning and/or language disabilities		55,250	55,250	55,248	2
Behavioral disabilities:					
Salaries of teachers		11,400	11,400	10,566	834
General supplies		800	800	237	563
Total behavioral disabilities		12,200	12,200	10,803	1,397
Resource room					
Salaries of teachers	300,083	(68,000)	232,083	227,492	4,591
Other salaries for instruction	47,850		47,850	44,610	3,240
General supplies	6,525	200	6,725	6,484	241
Total resource room	354,458	(67,800)	286,658	278,586	8,072
Total special education	354,458	(350)	354,108	344,637	9,471
Basic skills/remedial					
Salaries of teachers	103,775	1,350	105,125	104,387	738
General supplies	1,225	200	1,425	1,203	222
Total basic skills/remedial	105,000	1,550	106,550	105,590	960

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School sponsored co-curricular activities					
Salaries	30,800		30,800	28,881	1,919
Total school sponsored co-curricular activities	30,800		30,800	28,881	1,919
Total other instructional programs	135,800	1,550	137,350	134,471	2,879
Total - instruction	2,484,957		2,484,957	2,378,299	106,658
Undistributed expenditures					
Instruction:					
Tuition to other LEAs within state-regular	2,160,060		2,160,060	2,160,060	
Tuition to other LEAs within state-special	137,895	(1,100)	136,795	132,684	4,111
Tuition to county special services district/ regional day schools	9,340	21,100	30,440	20,023	10,417
Tuition to private schools for the handicapped-state	40,277	(20,000)	20,277		20,277
Total undistributed expenditures - instruction	2,347,572		2,347,572	2,312,767	34,805
Attendance and social work services					
Salaries	3,900		3,900	3,857	43
Purchased professional/technical services	1,000		1,000		1,000
Total attendance and social work services	4,900		4,900	3,857	1,043
Health services					
Salaries	68,410	4,000	72,410	72,021	389
Purchased professional/technical services	4,575		4,575	4,052	523
Supplies and materials	3,070	2,700	5,770	4,910	860
Total health services	76,055	6,700	82,755	80,983	1,772
Related services					
Salaries of teachers	49,015	(800)	48,215	48,156	59
Purchased professional-education services	10,000	4,800	14,800	8,796	6,004
Supplies and materials	743	300	1,043	966	77
Total related services	59,758	4,300	64,058	57,918	6,140
Extraordinary services					
Other salaries for instruction	16,700		16,700	1,234	15,466
Purchased educational services	44,000	(8,200)	35,800	2,500	33,300
Supplies and materials	1,200	(100)	1,100		1,100
Total extraordinary services	61,900	(8,300)	53,600	3,734	49,866
Other support services - guidance services					
Salaries of other professional staff	62,925	400	63,325	63,302	23
Supplies and materials	2,950	(400)	2,550	1,582	968
Total other support services - guidance services	65,875		65,875	64,884	991

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - child study team					
Salaries of other professional staff	118,380	(10,500)	107,880	98,287	9,593
Salaries of secretarial and clerical	7,960	(100)	7,860	6,787	1,073
Other purchased professional-tech. services	3,000	4,600	7,600	7,594	6
Other purchased services	2,200		2,200	924	1,276
Supplies and materials	2,200	3,300	5,500	2,470	3,030
Total other support services - child study team	133,740	(2,700)	131,040	116,062	14,978
Improvement of instructional services/other support services - instructional staff					
Salaries of professional staff	4,200		4,200	742	3,458
Total improvement of instructional services/ other support services - instructional staff	4,200		4,200	742	3,458
Educational media services/school library					
Salaries	32,220	610	32,830	32,344	486
Purchased professional-technical services	3,500		3,500	2,588	912
Other purchased services	2,000	400	2,400	2,020	380
Supplies and materials	8,647	(1,010)	7,637	6,171	1,466
Total educational media services/school library	46,367		46,367	43,123	3,244
Instructional staff training					
Salaries of other professional staff	4,500		4,500	2,722	1,778
Purchased professional-education services	1,400		1,400		1,400
Other purchased services	4,300		4,300	1,159	3,141
Total instructional staff training	10,200		10,200	3,881	6,319
Support services general administration					
Salaries	106,285		106,285	105,939	346
Legal salaries	5,500		5,500	2,917	2,583
Legal services	5,025	2,000	7,025	4,171	2,854
Audit services	14,000	(3,000)	11,000	11,000	
Other professional services	8,750		8,750	5,728	3,022
Purchased technical services	2,500		2,500	1,765	735
Communications/telephone	10,000	(1,750)	8,250	8,170	80
Other purchased services (400-500 series)	22,450	1,750	24,200	20,912	3,288
Supplies and materials	2,453		2,453	1,022	1,431
BOE training/meeting supplies	1,800		1,800	264	1,536
Miscellaneous expenditures	2,700		2,700	1,017	1,683
BOE member dues	5,500		5,500	4,547	953
Total support services general administration	186,963	(1,000)	185,963	167,452	18,511

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	100,752		100,752	100,752	
Salaries of secretarial and clerical assistants	40,685	(500)	40,185	38,632	1,553
Other purchased services (400-500 series)	800		800	412	388
Supplies and materials	1,500		1,500	1,116	384
Other objects	1,300		1,300	989	311
Total support services school administration	145,037	(500)	144,537	141,901	2,636
Central services					
Salaries	136,850		136,850	132,079	4,771
Purchased technical services	11,450		11,450	9,615	1,835
Other purchased services (400-500 series)	3,000		3,000	2,347	653
Supplies and materials	4,500		4,500	2,280	2,220
Miscellaneous expenditures	1,200		1,200	999	201
Total central services	157,000		157,000	147,320	9,680
Administration information technology					
Salaries	1,100	1,500	2,600	2,215	385
Total information technology	1,100	1,500	2,600	2,215	385
Required maintenance for school facilities					
Salaries	26,500		26,500	26,076	424
Cleaning, repair and maintenance services	83,300	(27,300)	56,000	23,824	32,176
Total required maintenance for school facilities	109,800	(27,300)	82,500	49,900	32,600
Other operation and maintenance of plant services					
Salaries non-instructional aides		15,000	15,000	14,275	725
Other salaries	142,665	(15,000)	127,665	121,228	6,437
Purchased professional and technical services	7,320		7,320	4,265	3,055
Cleaning, repair and maintenance services	22,000		22,000	17,042	4,958
Other purchased property services		30,300	30,300	30,272	28
Insurance	29,101	(3,000)	26,101	25,432	669
Miscellaneous purchased services	1,100		1,100	559	541
General supplies	28,547		28,547	25,021	3,526
Energy - electricity	90,000		90,000	77,354	12,646
Energy - oil	62,000		62,000	34,985	27,015
Total other operation and maintenance of plant services	382,733	27,300	410,033	350,433	59,600
Total operation and maintenance of plant services	492,533		492,533	400,333	92,200

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services					
Salaries - noninstructional aides	7,000		7,000	3,063	3,937
Contracted services (between home and school) - vendors	283,073	8,000	291,073	290,113	960
Contracted services (other than between home and school) - vendors	12,100	4,000	16,100	14,712	1,388
Contracted services (special education students) - joint agreements	12,000		12,000	4,888	7,112
Contracted services (regular students) - ESC and CTSA	27,100	(12,000)	15,100		15,100
Contracted services (special education students) - ESC and CTSA	35,365		35,365	12,582	22,783
Aid in lieu	29,248		29,248	19,448	9,800
Total student transportation services	405,886		405,886	344,806	61,080
Unallocated benefits					
Social security contributions	46,000	10,000	56,000	53,251	2,749
Other retirement contributions - regular	55,900		55,900	50,052	5,848
Unemployment compensation	7,500	6,000	13,500	11,977	1,523
Workers' compensation	29,000		29,000	28,870	130
Health benefits	882,479	(35,900)	846,579	687,217	159,362
Tuition reimbursement	8,000		8,000	4,250	3,750
Other employee benefits		12,500	12,500	12,000	500
Total unallocated benefits	1,028,879	(7,400)	1,021,479	847,617	173,862
Teachers' Pension & Annuity Fund (On-behalf non-budgeted)				9,012	(9,012)
T.P.A.F. post retirement medical (On-behalf non-budgeted)				169,257	(169,257)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				207,515	(207,515)
Total non-budgeted				385,784	(385,784)
Total undistributed expenditures	5,227,965	(7,400)	5,220,565	5,125,379	95,186
Total expenditures - current expense	7,712,922	(7,400)	7,705,522	7,503,678	201,844
CAPITAL OUTLAY					
Equipment:					
Undistributed expenditures					
Instructional equipment		3,750	3,750		3,750
Operation of plan services		3,650	3,650	3,650	
Total equipment		7,400	7,400	3,650	3,750
Total capital outlay		7,400	7,400	3,650	3,750
Total expenditures	7,712,922		7,712,922	7,507,328	205,594

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
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>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(296,718)		296,718	(128,156)	168,562
Other financing sources (Uses)					
Transfers out - Food Service	(12,000)		(12,000)	(10,000)	(2,000)
Total other financing sources and uses	(12,000)		(12,000)	(10,000)	(2,000)
Net changes in fund balance				(138,156)	166,562
Fund balances - July 1	1,416,122		1,416,122	1,416,122	
Fund balances - June 30	<u>1,119,404</u>		<u>1,712,840</u>	<u>1,277,966</u>	<u>166,562</u>
Recapitulation:					
Reserve for encumbrances				20,182	
Capital Reserve				432,673	
Reserve for Maintenance				40,000	
Reserve for Excess Surplus				130,553	
Reserve for Excess Surplus - Designated for subsequent year's expenditures				337,428	
Designated for Subsequent Year's Expenditures				22,120	
Unrestricted Fund Balance				295,010	
				<u>1,277,966</u>	
Reconciliation to Governmental Fund Statements (G.A.A.P.):					
Last State Aid Payment not recognized on G.A.A.P. Basis				(402,990)	
Fund Balance per Governmental Funds (G.A.A.P.)				<u>874,976</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
American Recovery and Reinvestment Act
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:					
Federal Sources					
Education stabilization fund		594,013	594,013	594,013	
Government services recovery act		22,995	22,995	22,995	
Total Revenues		<u>617,008</u>	<u>617,008</u>	<u>617,008</u>	
EXPENDITURES:					
Education stabilization fund					
Salaries of teachers:					
Preschool		24,763	24,763	24,763	
Kindergarten		55,900	55,900	55,900	
Grades 1-5		340,700	340,700	340,700	
Grades 6-8		172,650	172,650	172,650	
Total education stabilization fund		<u>594,013</u>	<u>594,013</u>	<u>594,013</u>	
Government services recovery act					
Salaries of teachers:					
Grades 1-5		22,995	22,995	22,995	
Total government services recovery act		<u>22,995</u>	<u>22,995</u>	<u>22,995</u>	
Total American recovery and reinvestment act		<u>617,008</u>	<u>617,008</u>	<u>617,008</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
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:					
Federal Sources		345,642	345,642	253,313	92,329
State Sources	1,000	3,424	4,424	3,445	979
Local Sources	3,999		3,999	3,999	
Total Revenues	<u>4,999</u>	<u>349,066</u>	<u>354,065</u>	<u>260,757</u>	<u>93,308</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	500	82,247	82,747	50,545	32,202
Other salaries for instruction		69,624	69,624	69,624	
Purchased professional - technical services		3,538	3,538	2,559	979
Other purchased services (400-500 series)		43,742	43,742	22,256	21,486
Supplies and materials	500	31,030	31,530	16,312	15,218
Total Instruction	<u>1,000</u>	<u>230,181</u>	<u>231,181</u>	<u>161,296</u>	<u>69,885</u>
Support Services:					
Salaries of secretarial and clerical assistants		15,000	15,000	15,000	
Personal Services - Employee Benefits		12,277	12,277	5,842	6,435
Purchased professional - educational services		60,419	60,419	57,758	2,661
Purchased professional/technical services		11,000	11,000	7,200	3,800
Other purchased services (400-500 series)		15,590	15,590	9,662	5,928
Supplies and materials	3,999		3,999	3,999	
Total Support Services	<u>3,999</u>	<u>114,286</u>	<u>118,285</u>	<u>99,461</u>	<u>18,824</u>
Facilities Acquisition/Construction					
Non-instructional equipment		4,599	4,599		4,599
Total Expenditures	<u>4,999</u>	<u>349,066</u>	<u>354,065</u>	<u>260,757</u>	<u>93,308</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Fiscal Year Ended June 30, 2010

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

		<u>General Fund N-1</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	7,379,172	[C-2]	260,757
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		380,810		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(402,990)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>7,356,992</u>	[B-2]	<u>260,757</u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	7,507,328	[C-2]	260,757
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>7,507,328</u>	[B-2]	<u>260,757</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward Ex. E-1a	N.J.S.B.A. Safety Incentive Grant	Nonpublic Exam & Classification	Nonpublic Speech	Nonpublic Supplemental Instruction	Totals	
						FY 2010	FY 2009
REVENUES:							
Federal sources	253,313					253,313	214,194
State sources	1,386		366	897	796	3,445	7,069
Local sources		3,999				3,999	1,529
Total revenues	254,699	3,999	366	897	796	260,757	224,496
EXPENDITURES:							
Instruction:							
Salaries of teachers	50,545					50,545	29,877
Other salaries for instruction	69,624					69,624	65,110
Purchased professional technical services	500		366	897	796	2,559	3,962
Other purchased services (400-500 series)	22,256					22,256	55,383
General supplies	16,312					16,312	4,995
Textbooks							686
Other objects							500
Total instruction	159,237		366	897	796	161,296	170,656
Support services:							
Salaries of secretarial and clerical assistants	15,000					15,000	14,500
Personal services - employee benefits	5,842					5,842	5,472
Purchased professional - educational services	57,758					57,758	26,925
Purchased professional/technical services	7,200					7,200	926
Other purchased services (400-500 series)	9,662					9,662	13,134
Supplies and materials		3,999				3,999	1,322
Total support services	95,462	3,999				99,461	53,840
Total expenditures	254,699	3,999	366	897	796	260,757	224,496

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward Ex. E-1b	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part D Enhancing Education through Technology	Title IV Safe & Drug Free Schools and Communities	Title I Part A ARRA	Total Carried Forward
REVENUES:							
Federal sources	203,412	23,443	21,094	234	931	4,199	253,313
State sources	1,386						1,386
Total revenues	204,798	23,443	21,094	234	931	4,199	254,699
EXPENDITURES:							
Instruction:							
Salaries of teachers	17,918	19,428	9,000			4,199	50,545
Other salaries for instruction	69,624						69,624
Purchased professional technical services					500		500
Other purchased services (400-500 series)	22,256						22,256
General supplies	15,881				431		16,312
Total instruction	125,679	19,428	9,000		931	4,199	159,237
Support services:							
Salaries of secretarial and clerical assistants	15,000						15,000
Personal services - employee benefits	2,315	2,838	689				5,842
Purchased professional - educational services	53,858		3,900				57,758
Purchased professional/technical services	7,200						7,200
Other purchased services (400-500 series)	746	1,177	7,505	234			9,662
Total support services	79,119	4,015	12,094	234			95,462
Total expenditures	204,798	23,443	21,094	234	931	4,199	254,699

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	I.D.E.A. Part B 2009/2010	I.D.E.A. Part B Preschool 2009/2010	I.D.E.A. Part B ARRA	Rebel	Nonpublic Transportation	Rural Education Achievement Program	Total Carried Forward
REVENUES:							
Federal sources	118,057	3,907	43,632			37,816	203,412
State sources				1,000	386		1,386
Total revenues	118,057	3,907	43,632	1,000	386	37,816	204,798
EXPENDITURES:							
Instruction:							
Salaries of teachers			15,849	500		1,569	17,918
Other salaries for instruction	34,600	3,907				31,117	69,624
Other purchased services	21,000				386	870	22,256
General supplies			11,867	500		3,514	15,881
Total instruction	55,600	3,907	27,716	1,000	386	37,070	125,679
Support services:							
Other salaries	15,000						15,000
Personal services - employee benefits			2,315				2,315
Purchased professional educational services	47,457		6,401				53,858
Purchased professional/technical services			7,200				7,200
Other purchased services (400-500 series)						746	746
Total support services	62,457		15,916			746	79,119
Total expenditures	118,057	3,907	43,632	1,000	386	37,816	204,798

CAPITAL PROJECTS FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2010

<u>Description</u>	<u>Original Date</u>	<u>Amount Authorized</u>	<u>Contractual Orders Prior Years</u>	<u>Contractual Orders Current Year</u>	<u>Unexpended Authorization 6/30/10</u>
Construction of additions and renovations to the Alloway Township School and to make the necessary onsite and offsite improvements and purchase of the necessary furniture and equipment associated with the construction and renovations in these various facilities.	3/2/05	6,083,720	6,018,875	45,106	19,739

ALLOWAY TOWNSHIP SCHOOL DISTRICT

Capital Projects Fund

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

OPERATING EXPENSES:

Purchased professional & technical services	
Construction services	45,106
	<hr/>
Total expenses	45,106
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(45,106)
	<hr/>
Fund balance - beginning	64,845
	<hr/>
Fund balance - ending	19,739
	<hr/> <hr/>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Additions and Alterations to Alloway School
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond Proceeds	3,416,000		3,416,000	3,416,000
State Sources: EDA Grant	2,667,720		2,667,720	2,667,720
	<u>6,083,720</u>		<u>6,083,720</u>	<u>6,083,720</u>
Expenditures and Other Financing Uses				
Purchased professional & technical service:	670,863		670,863	670,863
Construction services	5,348,012	45,106	5,393,118	5,412,857
	<u>6,018,875</u>	<u>45,106</u>	<u>6,063,981</u>	<u>6,083,720</u>
Excess (deficiency) or revenues over (under) expenditures	<u>64,845</u>	<u>(45,106)</u>	<u>19,739</u>	
Additional project information:				
Project Number	0060-020-04-1000			
Grant Date	07/19/05			
Bond Authorization date	03/02/05			
Bonds Authorized	3,416,000			
Bonds Issued	3,416,000			
Original Authorized Cost	6,083,720			
Additional Authorized Cost	None			
Revised Authorized Cost	6,083,720			
Percentage Increase over Original Authorized Cost				
Percentage Completion	95%			
Original target completion date	August 2007			
Revised target completion date	March 2008			

PROPRIETARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Totals</u>	
	<u>Business-type Activities</u>		<u>FY 2010</u>	<u>FY 2009</u>
	<u>Food Service Fund</u>	<u>Other Funds</u>		
ASSETS:				
Current assets:				
Cash and cash equivalents	10,792	14,885	25,677	23,501
Accounts Receivable:				
State	142		142	
Federal	1,977		1,977	
Other		752	752	841
Inventory	3,078		3,078	3,904
Total Current assets	<u>15,989</u>	<u>15,637</u>	<u>31,626</u>	<u>28,246</u>
Noncurrent assets:				
Furniture, machinery & equipment	61,214		61,214	61,214
Less: accumulated depreciation	(55,516)		(55,516)	(53,991)
Total Non-current assets	<u>5,698</u>		<u>5,698</u>	<u>7,223</u>
Total assets	<u>21,687</u>	<u>15,637</u>	<u>37,324</u>	<u>35,469</u>
LIABILITIES:				
Deferred Revenue		802	802	6,336
Compensated absences	1,450		1,450	1,450
Total liabilities	<u>1,450</u>	<u>802</u>	<u>2,252</u>	<u>7,786</u>
NET ASSETS				
Invested in capital assets net of related debt	5,698		5,698	5,698
Unrestricted	14,539	14,835	29,374	20,460
Total net assets	<u>20,237</u>	<u>14,835</u>	<u>35,072</u>	<u>26,158</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Totals</u>	
	<u>Business-type Activities</u>		<u>FY 2010</u>	<u>FY 2009</u>
	<u>Food Service Fund</u>	<u>Other Funds</u>		
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs:	66,335		66,335	71,745
Daily sales special milk program	607		607	407
Daily sales non-reimbursable programs	40,097		40,097	44,194
Community service activities		81,171	81,171	81,195
Total operating revenue	<u>107,039</u>	<u>81,171</u>	<u>188,210</u>	<u>197,541</u>
OPERATING EXPENSES:				
Salaries	51,656	58,945	110,601	118,721
Employee Benefits	25,664	5,131	30,795	30,784
Purchased professional/technical services	2,213		2,213	1,644
Other purchased services		1,657	1,657	2,485
Supplies and materials	511	6,071	6,582	7,072
Cost of sales	70,161		70,161	76,879
Miscellaneous other expenses	1,391	4,370	5,761	8,595
Depreciation	1,525		1,525	1,594
Total operating expenses	<u>153,121</u>	<u>76,174</u>	<u>229,295</u>	<u>247,774</u>
Operating income (loss)	<u>(46,082)</u>	<u>4,997</u>	<u>(41,085)</u>	<u>(50,233)</u>
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - State	2,119		2,119	2,077
Federal sources:				
National school lunch program	28,472		28,472	24,080
Special milk program	389		389	297
Food distribution program	7,494		7,494	15,115
Total non-operating revenues (expenses)	<u>38,474</u>		<u>38,474</u>	<u>41,569</u>
Income (loss) before operating transfers	<u>(7,608)</u>	<u>4,997</u>	<u>(2,611)</u>	<u>(8,664)</u>
Board contribution	10,000		10,000	
Net income (loss)	2,392	4,997	7,389	(8,664)
Total Net Assets - July 1	<u>17,845</u>	<u>9,838</u>	<u>27,683</u>	<u>36,347</u>
Total Net Assets - June 30	<u><u>20,237</u></u>	<u><u>14,835</u></u>	<u><u>35,072</u></u>	<u><u>27,683</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Totals</u>	
	<u>Business-type Activities</u>		<u>FY 2010</u>	<u>FY 2009</u>
	<u>Food Service Fund</u>	<u>Other Funds</u>		
Cash flows from operating activities:				
Receipts from customers	107,039	75,726	182,765	203,426
Payments to suppliers	(65,956)	(12,098)	(78,054)	(82,934)
Payments to employees	(51,656)	(58,945)	(110,601)	(117,271)
Payments for employee benefits	(25,664)	(5,131)	(30,795)	(30,784)
Net cash provided (used) by operating activities	<u>(36,237)</u>	<u>(448)</u>	<u>(36,685)</u>	<u>(27,563)</u>
Cash flows from non-capital financing activities				
Cash received from state & federal reimbursements	28,861		28,861	27,494
Board contribution	10,000		10,000	
Net cash provided by non-capital financing activities	<u>38,861</u>		<u>38,861</u>	<u>27,494</u>
Net increase in cash and cash equivalents	2,624	(448)	2,176	(69)
Cash and cash equivalents - July 1	8,168	15,333	23,501	23,570
Cash and cash equivalents - June 30	<u>10,792</u>	<u>14,885</u>	<u>25,677</u>	<u>23,501</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(46,082)	4,997	(41,085)	(50,233)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	1,525		1,525	1,594
Food distribution program	7,494		7,494	15,115
Change in assets and liabilities:				
(Increase) decrease in accts. receivable		89	89	(451)
(Increase) decrease in inventory	826		826	(1,374)
Increase (decrease) in deferred revenue		(5,534)	(5,534)	6,336
Increase (decrease) in compensated absences				1,450
	<u>(36,237)</u>	<u>(448)</u>	<u>(36,685)</u>	<u>(27,563)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities</u>					<u>Total FY 2010</u>	<u>Total FY 2009</u>
	<u>Food Services</u>	<u>Superintendent</u>	<u>Custodial</u>	<u>Shared Business Services</u>	<u>Child Study Team Consortium</u>		
ASSETS:							
Current assets:							
Cash and cash equivalents	358	2,204	1,994	7,226	17,806	29,588	15,974
Total assets	358	2,204	1,994	7,226	17,806	29,588	32,058
LIABILITIES AND NET ASSETS:							
Intergovernmental accounts payable		2,204				2,204	
Net assets							
Unrestricted	358		1,994	7,226	17,806	27,384	15,974
Total liabilities and net assets	358	2,204	1,994	7,226	17,806	29,588	15,974

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities</u>					<u>Total FY 2010</u>	<u>Total FY 2009</u>
	<u>Food Services</u>	<u>Superintendent</u>	<u>Custodial</u>	<u>Shared Business Services</u>	<u>Child Study Team Consortium</u>		
OPERATING REVENUES:							
Local sources:							
Other charges and fees	10,700	77,956		194,354	76,200	359,210	409,910
Total operating revenue	<u>10,700</u>	<u>77,956</u>		<u>194,354</u>	<u>76,200</u>	<u>359,210</u>	<u>409,910</u>
OPERATING EXPENSES:							
Salaries	3,600	64,857		164,643	55,772	288,872	325,436
Employee Benefits	7,056	11,642		26,844	9,673	55,215	63,335
Other purchased services (400-500 series)				2,178		2,178	1,719
Supplies and materials		440		78		518	2,328
Other objects		1,017				1,017	1,118
Total operating expenses	<u>10,656</u>	<u>77,956</u>		<u>193,743</u>	<u>65,445</u>	<u>347,800</u>	<u>393,936</u>
Income (loss) before operating transfers	44			611	10,755	11,410	15,974
Other financing sources (Uses)							
Transfer to General Fund							(60,818)
Net changes in net assets	44			611	10,755	11,410	(44,844)
Total Net Assets - July 1	<u>314</u>		<u>1,994</u>	<u>6,615</u>	<u>7,051</u>	<u>15,974</u>	<u>60,818</u>
Total Net Assets - June 30	<u><u>358</u></u>		<u><u>1,994</u></u>	<u><u>7,226</u></u>	<u><u>17,806</u></u>	<u><u>27,384</u></u>	<u><u>15,974</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities</u>					<u>Total FY 2010</u>	<u>Total FY 2009</u>
	<u>Food Services</u>	<u>Superintendent</u>	<u>Custodial</u>	<u>Shared Business Services</u>	<u>Child Study Team Consortium</u>		
Cash flows from operating activities							
Receipts from customers	10,700	80,160		194,354	76,200	361,414	409,910
Payments to suppliers		(1,457)		(2,256)		(3,713)	(7,262)
Payments to employees	(3,600)	(64,857)		(164,643)	(55,772)	(288,872)	(325,436)
Payments for employee benefits	(7,056)	(11,642)		(26,844)	(9,673)	(55,215)	(63,335)
Net cash provided (used) by operating activities	44	2,204		611	10,755	13,614	13,877
Cash flows from non-capital financing activities							
Transfer to General Fund							(60,818)
Net cash provided by non-capital financing activities							(60,818)
Net increase in cash and cash equivalents	44	2,204		611	10,755	13,614	(46,941)
Cash and cash equivalents - July 1	314		1,994	6,615	7,051	15,974	62,915
Cash and cash equivalents - June 30	358	2,204	1,994	7,226	17,806	29,588	15,974

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities</u>					<u>Total FY 2010</u>	<u>Total FY 2009</u>
	<u>Food Services</u>	<u>Superintendent</u>	<u>Custodial</u>	<u>Shared Business Services</u>	<u>Child Study Team Consortium</u>		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	44			611	10,755	11,410	15,974
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:							
Change in assets & liabilities							
Increase in accounts payable		2,204				2,204	(2,097)
	<u>44</u>	<u>2,204</u>		<u>611</u>	<u>10,755</u>	<u>13,614</u>	<u>13,877</u>

FIDUCIARY FUNDS

EXHIBIT H-1

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Agency Funds	Total	
		FY 2010	FY 2009
ASSETS:			
Cash and cash equivalents	38,774	38,774	44,084
Total assets	<u>38,774</u>	<u>38,774</u>	<u>44,084</u>
LIABILITIES:			
Due to student groups	11,180	11,180	16,434
Payroll deductions and withholdings	27,594	27,594	27,650
Total liabilities	<u>38,774</u>	<u>38,774</u>	<u>44,084</u>

EXHIBIT H-3

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
ACTIVITIES:				
Alloway School	<u>16,434</u>	<u>36,619</u>	<u>41,873</u>	<u>11,180</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and cash equivalent	27,650	4,051,948	4,052,004	27,594
Total assets	<u>27,650</u>	<u>4,051,948</u>	<u>4,052,004</u>	<u>27,594</u>
LIABILITIES:				
Employees' net pay		2,344,790	2,344,790	
Payroll deductions and withholdings	27,650	1,706,928	1,706,984	27,594
Interfund Payable		230	230	
Total liabilities	<u>27,650</u>	<u>4,051,948</u>	<u>4,052,004</u>	<u>27,594</u>

LONG-TERM DEBT

ALLOWAY TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
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 July 1, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
To provide funds for payment of the cost of constructing, constructing an addition to the existing school building, upgrades and renovations to existing areas, air conditioning of existing rooms including school furniture and other equipment as necessary.	03/01/05	3,416,000	3/1/2010-13	150,000	4.00%	2,966,000	None	150,000	2,816,000
			3/1/2014-15	185,000	4.00%				
			03/01/16	196,000	4.00%				
			3/1/2017-19	200,000	4.00%				
			3/1/2020-25	200,000	4.25%				
					<u>2,966,000</u>			<u>2,816,000</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
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 Positive (Negative) Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	271,640		271,640	271,640	
Total revenues	<u>271,640</u>		<u>271,640</u>	<u>271,640</u>	
EXPENDITURES:					
Regular debt service:					
Interest	121,640		121,640	121,640	
Redemption of principal	150,000		150,000	150,000	
Total regular debt service	<u>271,640</u>		<u>271,640</u>	<u>271,640</u>	
Total expenditures	<u>271,640</u>		<u>271,640</u>	<u>271,640</u>	

STATISTICAL SECTION
(Unaudited)

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	90 - 97
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	98 - 101
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	102 - 105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	106 - 107
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	108 - 112

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Net Assets By Component
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets, net of related debt	1,343,028	(1,662,205)	(446,750)	3,416,457	3,962,089	3,864,183	3,832,720
Restricted	691,329	6,756,835	5,888,520	1,725,416	982,934	1,187,631	1,002,695
Unrestricted	34,044	(81,805)	(110,561)	33,239	27,971	(181,742)	(188,600)
Total governmental activities net assets	<u>2,068,401</u>	<u>5,012,825</u>	<u>5,331,209</u>	<u>5,175,112</u>	<u>4,972,994</u>	<u>4,870,072</u>	<u>4,646,815</u>
Business-type activities							
Invested in capital assets, net of related debt	20,916	17,154	12,901	12,004	8,817	7,223	5,698
Unrestricted	46,369	46,499	35,446	32,595	36,471	20,774	29,732
Total business-type activities net assets	<u>67,285</u>	<u>63,653</u>	<u>48,347</u>	<u>44,599</u>	<u>45,288</u>	<u>27,997</u>	<u>35,430</u>
District-wide							
Invested in capital assets, net of related debt	1,363,944	(1,645,051)	(433,849)	3,428,461	3,970,906	3,871,406	3,838,418
Restricted	691,329	6,756,835	5,888,520	1,725,416	982,934	1,187,631	1,002,695
Unrestricted	80,413	(35,306)	(75,115)	65,834	64,442	(160,968)	(158,868)
	<u>2,135,686</u>	<u>5,076,478</u>	<u>5,379,556</u>	<u>5,219,711</u>	<u>5,018,282</u>	<u>4,898,069</u>	<u>4,682,245</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses							
Governmental activities							
Instruction							
Regular	1,659,673	1,731,412	1,580,383	1,729,868	1,820,065	1,795,248	1,898,691
Special education	179,603	196,237	395,636	406,125	433,369	497,980	505,573
Other special education	40,591	48,916	64,155	67,357	79,193	100,500	98,670
Other instruction	19,276	17,817	20,356	23,611	25,081	25,375	28,881
Support Services							
Tuition	1,533,232	1,686,872	1,663,464	1,922,803	2,137,256	2,320,865	2,312,767
Student & instruction and related services	520,528	546,989	609,897	553,592	538,106	492,218	533,778
General administration	502,483	145,332	154,180	285,428	329,863	247,425	245,370
School administrative services	96,726	141,971	166,163	198,213	202,482	135,929	141,964
Central services		322,580	356,876	136,741	130,421	322,796	347,006
Administrative information technology		3,218	2,613	906	328	1,680	2,215
Plant operations and maintenance	281,831	280,677	292,303	396,323	427,275	462,664	400,333
Pupil transportation	296,856	329,364	337,093	353,230	366,434	350,322	344,806
Unallocated benefits	884,697	947,247	1,068,713	1,287,748	1,294,829	1,225,247	1,239,243
Capital outlay	18,651	1,918		2,741		2,533	
Interest on long-term debt	25,025	12,512	139,640	135,640	131,640	126,640	121,640
Unallocated depreciation	111,863	104,693	97,337	169,376	245,459	239,731	230,219
Total governmental activities expenses	<u>6,171,035</u>	<u>6,517,755</u>	<u>6,948,809</u>	<u>7,669,702</u>	<u>8,161,801</u>	<u>8,347,153</u>	<u>8,451,156</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
Business-type activities:							
Food service	147,964	211,139	212,230	201,710	209,919	210,494	163,777
Child care	42,754	53,555	92,182	97,193	86,796	86,966	76,174
Total business-type activities expense	<u>190,718</u>	<u>264,694</u>	<u>304,412</u>	<u>298,903</u>	<u>296,715</u>	<u>297,460</u>	<u>239,951</u>
Total district expenses	<u>6,361,753</u>	<u>6,782,449</u>	<u>7,253,221</u>	<u>7,968,605</u>	<u>8,458,516</u>	<u>8,644,613</u>	<u>8,691,107</u>
Program revenues							
Governmental activities							
Charges for services:							
Instruction (Tuition)	103,000	99,460	94,000	53,430	69,500	62,287	76,200
General administration		57,095	81,244	71,516	72,603	76,587	77,956
Business administration & Central services	214,500	204,800	220,000	139,960	176,685	182,436	194,354
Plant operations & maintenance						38,600	
Operating grants and contributions	256,497	2,907,067	234,185	238,149	224,496	223,363	260,757
Total governmental activities program revenues	<u>573,997</u>	<u>3,268,422</u>	<u>629,429</u>	<u>503,055</u>	<u>543,284</u>	<u>583,273</u>	<u>609,267</u>
Business-type activities:							
Charges for services:							
Food service	105,354	152,133	160,400	159,589	162,013	166,346	117,739
Child care	46,443	73,332	94,598	86,246	87,461	81,195	81,171
Operating grants and contributions	39,246	35,599	33,602	38,079	35,930	41,569	38,474
Total business-type activities program revenues	<u>191,043</u>	<u>261,064</u>	<u>288,600</u>	<u>283,914</u>	<u>285,404</u>	<u>289,110</u>	<u>237,384</u>
Total district program revenue	<u>765,040</u>	<u>3,529,486</u>	<u>918,029</u>	<u>786,969</u>	<u>828,688</u>	<u>872,383</u>	<u>846,651</u>
Net (expense) revenue							
Governmental activities	(5,597,038)	(3,249,333)	(6,319,380)	(7,166,647)	(7,618,517)	(7,763,880)	(7,841,889)
Business-type activities	325	(3,630)	(15,812)	(14,989)	(11,311)	(8,350)	(2,567)
Total district-wide net expense	<u>(5,596,713)</u>	<u>(3,252,963)</u>	<u>(6,335,192)</u>	<u>(7,181,636)</u>	<u>(7,629,828)</u>	<u>(7,772,230)</u>	<u>(7,844,456)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General revenues and other changes in net assets							
Governmental activities							
Property taxes levied for government purposes (net)	2,549,000	2,603,361	2,820,000	3,064,000	3,299,020	3,325,440	3,325,480
Taxes levied for debt service	111,401	104,431	239,640	235,639	256,640	251,640	271,640
Unrestricted grants and contributions	3,156,453	3,411,676	3,385,108	3,564,408	3,719,437	4,045,455	3,377,230
Federal aid restricted							617,008
Tuition charges	3,450		3,500	9,043			
Transportation fees	750						
Investment earnings	4,919	51,200	180,222	133,248	47,753	21,951	12,961
Gain on disposal of assets		(2,484)					
Transfers				(8,500)	(12,000)	8,941	(10,000)
Miscellaneous income	6,518	6,175	9,800	12,712	4,916	7,531	24,313
Total governmental activities	<u>5,832,491</u>	<u>6,174,359</u>	<u>6,638,270</u>	<u>7,010,550</u>	<u>7,315,766</u>	<u>7,660,958</u>	<u>7,618,632</u>
Business-type activities							
Transfers				8,500	12,000	(8,941)	10,000
Miscellaneous income	11,454			2,741			
Total business-type activities	<u>11,454</u>			<u>11,241</u>	<u>12,000</u>	<u>(8,941)</u>	<u>10,000</u>
Total District-wide	<u><u>5,843,945</u></u>	<u><u>6,174,359</u></u>	<u><u>6,638,270</u></u>	<u><u>7,021,791</u></u>	<u><u>7,327,766</u></u>	<u><u>7,652,017</u></u>	<u><u>7,628,632</u></u>
Change in net assets							
Governmental activities	235,453	2,925,026	318,890	(156,097)	(302,751)	(102,922)	(223,257)
Business-type activities	11,779	(3,630)	(15,812)	(3,748)	689	(17,291)	7,433
Total District	<u><u>247,232</u></u>	<u><u>2,921,396</u></u>	<u><u>303,078</u></u>	<u><u>(159,845)</u></u>	<u><u>(302,062)</u></u>	<u><u>(120,213)</u></u>	<u><u>(215,824)</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund							
Reserved	791,549	979,769	1,310,105	1,075,755	898,731	1,122,786	982,956
Unreserved	10,925	(35,228)	(36,540)	103,635	86,920	(87,474)	(107,980)
Total General Fund	<u>802,474</u>	<u>944,541</u>	<u>1,273,565</u>	<u>1,179,390</u>	<u>985,651</u>	<u>1,035,312</u>	<u>874,976</u>
All other governmental funds							
Reserved		143,446	4,074,939	440,273	12,832	12,977	
Unreserved, reported in:							
Special Revenue Fund	(571)	(571)	(571)	(571)	(571)		
Capital Projects Fund		5,633,619	503,475	209,388	71,371	51,868	19,739
Debt Service Fund	1	1	1				
Total all other governmental funds	<u>(570)</u>	<u>5,776,495</u>	<u>4,577,844</u>	<u>649,090</u>	<u>83,632</u>	<u>64,845</u>	<u>19,739</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax Levy	1,808,098	1,893,933	2,338,369	2,660,401	2,707,792	3,059,640	3,299,639	3,555,660	3,577,080	3,597,120
Tuition charges	473		2,400	3,450		3,500	9,043			
Transportation fees				750						
Interest earnings	62,625	20,966	8,723	4,919	51,200	180,222	133,248	47,753	21,951	12,961
Miscellaneous	9,421	11,286	3,571	8,458	6,175	10,112	12,712	5,246	9,060	28,312
State sources	3,156,346	3,171,418	3,123,280	3,325,767	6,097,396	3,407,702	3,586,579	3,738,992	4,053,095	3,380,675
Federal sources	122,626	145,929	196,314	230,557	221,347	211,591	215,978	204,611	214,194	870,321
Total revenue	5,159,589	5,243,532	5,672,657	6,234,302	9,083,910	6,872,767	7,257,199	7,552,262	7,875,380	7,889,389
Expenditures										
Instruction:										
Regular	1,312,596	1,328,294	1,368,662	1,486,749	1,565,612	1,559,453	1,730,168	1,811,585	1,795,306	1,899,191
Special	334,024	377,139	378,371	358,815	371,505	392,688	406,805	434,569	498,080	505,933
Other	71,105	89,026	58,550	40,591	48,916	56,655	67,357	76,533	97,300	105,590
School Sponsored/Other Instructional				19,276	17,817	20,356	23,611	25,081	25,375	28,881
Undistributed:										
Instruction	1,308,144	1,466,983	1,696,907	1,533,232	1,686,872	1,663,464	1,922,803	2,137,256	2,320,865	2,312,767
Attendance and Social Work Services	2,510	2,662	2,795	2,920	5,674	3,234	3,396	4,457	3,709	3,857
Health Services	48,091	50,954	55,222	58,082	60,353	64,606	66,316	57,612	71,768	80,983
Related Services	42,783	50,341	51,976	56,677	51,004	59,189	61,124	55,150	54,470	57,918
Extraordinary Services	5,924	19,146	43,505	38,387	65,322	100,041	77,279	92,730	33,352	3,734
Support Services: Students										
Guidance Services	48,269	38,471	45,731	120,414	55,364	51,907	55,951	59,325	62,780	64,884
Child Study Team	122,323	154,189	173,038	94,270	166,691	173,374	178,734	170,071	173,134	209,681
Improvement of Instruction	3,587	5,797	2,922	4,400	1,632	1,872	3,118	1,918		742
Educational Media Services	32,407	32,738	31,748	33,878	35,873	38,712	40,512	42,406	42,788	43,123
Instructional Staff Training	10,433	13,602	16,444	10,528	5,930	7,779	11,487	1,332	1,362	3,881
General Administration	179,197	203,990	202,979	185,239	145,332	151,818	150,683	158,970	170,663	167,452
School Administration	120,954	127,705	87,520	92,576	98,143	113,540	127,122	129,579	135,779	141,901
Central Administration					125,792	127,896	136,316	129,921	144,287	147,320
Administration Information Technology					3,218	2,613	906	328	1,680	2,215
Allowable Maintenance for School Facilities	40,889	87,782	45,218	57,819	51,248	45,116	57,975	47,777	80,219	49,900
Operations & Maintenance of Plant Services	193,952	172,537	199,474	223,206	228,891	249,843	338,023	379,498	345,839	350,433
Student Transportation	283,041	297,304	313,201	296,856	329,364	337,093	353,230	366,434	350,322	344,806
Business and Other Support Services	113,406	120,498	100,691	104,029						
Unallocated Benefits	632,258	653,804	775,625	889,938	947,247	1,068,713	1,287,748	1,294,829	1,225,247	1,239,243

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital Outlay	72,723	7,623	2,228	18,651	325,466	1,212,792	3,935,324	565,458	19,358	48,756
Debt Service Expenditures										
Principal	175,000	175,000	175,000	175,000	175,000	100,000	100,000	125,000	125,000	150,000
Interest	62,563	50,050	37,537	25,025	12,512	139,640	135,640	131,640	126,640	121,640
Total Expenditures	5,216,179	5,525,635	5,865,344	5,926,558	6,580,778	7,742,394	11,271,628	8,299,459	7,905,323	8,084,831
Excess (Deficiency of revenues over (under) expenditures	(56,590)	(282,103)	(192,687)	307,744	2,503,132	(869,627)	(4,014,429)	(747,197)	(29,943)	(195,442)
Other financing sources (uses)										
Proceeds from borrowing					3,416,000					
Transfers from Internal Service Fund			19,546						60,817	
Transfers out - Food Service Fund							(8,500)	(12,000)		(10,000)
Total other financing sources (uses)			19,546		3,416,000		(8,500)	(12,000)	60,817	(10,000)
Net change in fund balance	(56,590)	(282,103)	(173,141)	307,744	5,919,132	(869,627)	(4,022,929)	(759,197)	30,874	(205,442)
Debt service as a percentage of noncapital expenditures	4.62%	4.08%	3.62%	3.39%	3.00%	3.67%	3.21%	3.32%	3.19%	3.38%

Source: District records.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	DuPont Grant	Donations	Miscellaneous	Refunds	Other Local Grant	Rentals	Annual Totals
2001	6,914	1,250	982	275			9,421
2002	1,362	1,250	2,954	5,720			11,286
2003			1,869	142	1,560		3,571
2004			6,518		1,940		8,458
2005			4,385	1,790			6,175
2006			1,663	8,137	312		10,112
2007			1,159	11,553			12,712
2008		500	2,352	1,544	330	520	5,246
2009	1,529		5,237	2,294			9,060
2010			534	7,779		16,000	24,313
	<u>9,805</u>	<u>3,000</u>	<u>27,653</u>	<u>39,234</u>	<u>4,142</u>	<u>16,520</u>	<u>100,354</u>

Source: District records.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2001	8,268,300	120,375,200	27,021,600	5,125,100	9,078,400	0	0	169,868,600	753,254	170,621,854	171,074,076	1.007
2002	8,905,600	122,339,200	28,187,300	5,112,400	9,125,900	0	0	173,670,400	779,583	174,449,983	179,883,226	1.123
2003	8,253,400	123,529,300	29,017,800	5,044,500	9,233,200	0	0	175,078,200	786,791	175,864,991	183,444,090	1.513
2004	8,024,800	126,494,500	30,396,900	5,068,000	9,245,800	0	0	179,230,000	697,367	179,927,367	198,426,166	1.505
2005	8,692,100	131,452,000	32,667,200	4,808,600	9,277,900	0	0	186,897,800	682,664	187,580,464	210,237,824	1.632
2006	6,734,600	136,784,700	33,134,600	4,978,700	9,277,900	0	0	190,910,500	535,017	191,445,517	247,571,965	1.724
2007	8,072,100	141,414,500	33,316,400	4,910,700	9,287,900	0	0	197,001,600	524,684	197,526,284	271,981,176	1.801
2008	8,050,700	142,951,300	33,825,300	4,815,800	8,107,900	0	0	197,751,000	538,700	198,289,700	282,723,774	1.803
2009	7,355,300	148,666,100	33,703,600	5,855,800	5,878,700	0	0	201,459,500	562,108	202,021,608	304,743,165	1.781
2010	12,314,300	209,234,800	44,541,200	6,405,000	15,496,600	0	0	287,991,900	841,247	288,833,147	344,735,336	1.243

Source: Tax Assessor .

n/a = Not available at time of completion of C.A.F.R.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Per \$100 of Assessed Valuation
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
				Township of Alloway	Township Open Space	Salem County	
2001	0.930	0.077	1.007	0.069		0.967	2.043
2002	1.049	0.074	1.123	0.089		1.024	2.236
2003	1.436	0.077	1.513	0.090		1.035	2.638
2004	1.442	0.063	1.505	0.111		1.097	2.713
2005	1.569	0.063	1.632	0.134	0.009	1.131	2.906
2006	1.589	0.135	1.724	0.160	0.003	1.270	3.157
2007	1.672	0.129	1.801	0.179	0.020	1.293	3.293
2008	1.673	0.130	1.803	0.192	0.020	1.322	3.337
2009	1.656	0.125	1.781	0.214	0.019	1.339	3.353
2010	1.149	0.094	1.243	0.180	0.019	1.060	2.502

Source: Municipal Tax Collector.

ALLOWAY TOWNSHIP SCHOOL DISTRICTPrincipal Property TaxpayersCurrent and Nine Years AgoUnaudited

<u>Taxpayer</u>	<u>2010</u>		<u>2001</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Valuation</u>
T/P Campground Inc.	6,650,000	2.31%		
Angelo Massari, Inc.	2,521,500	0.88%	2,622,000	1.53%
Ayra Golf Properties			2,102,200	1.23%
Heritage-Cobb Mill Estates LP	1,590,200	0.55%		
Taxpayer #1	1,193,200	0.41%	947,500	0.56%
Tall Pines Campground Inc.			788,600	0.46%
Taxpayer #2	1,100,000	0.38%	748,600	0.44%
New Jersey Bell			696,822	0.41%
Taxpayer #3	910,400	0.32%	560,100	0.33%
Verizon Communications	841,247	0.29%		
Taxpayer #4	835,200	0.29%		
The Bank	726,000	0.25%		
Taxpayer #5	723,900	0.25%		
Woodstown National Bank			501,000	0.29%
Taxpayer #6			456,800	0.26%
Taxpayer #7			431,200	0.25%
	<u>10,441,647</u>	<u>1.78%</u>	<u>9,854,822</u>	<u>5.76%</u>

Source: Municipal Tax Assessor.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Year Ended December 31</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year</u>		<u>Collections in Subsequent Year</u>
		<u>Amount</u>	<u>Percent of Levy</u>	
2001	1,808,098	1,808,098	100.00%	
2002	1,893,933	1,893,933	100.00%	
2003	2,338,369	2,338,369	100.00%	
2004	2,660,401	2,660,401	100.00%	
2005	2,707,792	2,707,792	100.00%	
2006	3,059,640	3,059,640	100.00%	
2007	3,299,639	3,299,639	100.00%	
2008	3,555,660	3,555,660	100.00%	
2009	3,577,080	3,577,080	100.00%	
2010	3,597,120	3,597,120	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form).

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	Governmental Activities			Business-type		Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes	Activities Capital Leases		
2001	700,000					700,000	0.90%
2002	525,000					525,000	0.63%
2003	350,000					350,000	0.41%
2004	175,000					175,000	0.19%
2005	3,416,000					3,416,000	3.52%
2006	3,316,000					3,316,000	3.29%
2007	3,216,000					3,216,000	3.02%
2008	3,091,000					3,091,000	2.77%
2009	2,966,000					2,966,000	2.52%
2010	2,816,000					2,816,000	n/a

Note: Not available at the time of C.A.F.R. completion.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2001	700,000		700,000	0.41%	249
2002	525,000		525,000	0.30%	185
2003	350,000		350,000	0.20%	123
2004	175,000		175,000	0.10%	60
2005	3,416,000		3,416,000	1.83%	1,156
2006	3,316,000		3,316,000	1.74%	1,094
2007	3,216,000		3,216,000	1.63%	1,062
2008	3,091,000		3,091,000	1.56%	1,008
2009	2,966,000		2,966,000	1.47%	960
2010	2,816,000		2,816,000	0.98%	917

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Township of Alloway	3,919,750	100%	3,919,750
Salem County General Obligation Debt (5.26%)			1,940,175
Subtotal, overlapping debt			<u>5,859,925</u>
Township of Alloway School District			<u>2,816,000</u>
Total direct and overlapping debt			<u><u>8,675,925</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation. Debt outstanding provided by each government unit.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

	<u>Year</u>	<u>Equalized Valuation Basis</u>								
	2009	\$338,929,172								
	2008	\$297,369,925								
	2007	\$279,911,338								
		<u>\$916,210,435</u>								
Average equalized valuation of taxable property		305,403,478								
Debt limit (3% of average equalized value)		9,162,104								
Total net debt applicable to limit		<u>2,816,000</u>								
Legal debt margin		<u>6,346,104</u>								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	4,919,916	5,060,219	5,228,663	5,458,904	5,718,556	6,326,222	7,025,033	7,825,818	8,391,972	9,162,104
Total net debt applicable to limit	<u>700,000</u>	<u>525,000</u>	<u>350,000</u>	<u>175,000</u>	<u>3,416,000</u>	<u>3,316,000</u>	<u>3,216,000</u>	<u>3,091,000</u>	<u>2,966,000</u>	<u>2,816,000</u>
Legal debt margin	<u>4,219,916</u>	<u>4,535,219</u>	<u>4,878,663</u>	<u>5,283,904</u>	<u>2,302,556</u>	<u>3,010,222</u>	<u>3,809,033</u>	<u>4,734,818</u>	<u>5,425,972</u>	<u>6,346,104</u>
Total net debt applicable to the limit as a percentage of debt limit	14.23%	10.38%	6.69%	3.21%	59.74%	52.42%	45.78%	39.50%	35.34%	30.74%

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2001	2,806	77,942,262	27,777	0.70%
2002	2,835	82,901,070	29,242	1.00%
2003	2,855	86,135,350	30,170	1.10%
2004	2,924	91,415,936	31,264	0.80%
2005	2,956	96,965,668	32,803	5.20%
2006	3,030	100,817,190	33,273	5.40%
2007	3,028	106,373,640	35,130	4.90%
2008	3,067	111,641,867	36,401	6.30%
2009	3,089	117,700,167	38,103	11.60%
2010	3,072 *	n/a	n/a	n/a

* Estimate as of July 1

Source: State of New Jersey, Department of Labor and Workforce Development.

Not available at the time of C.A.F.R. completion.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2010</u>		<u>2001</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Ranch Hope	145	11.27%		
Alloway Township Board of Education	80	6.22%		
B.R. Williams	50	3.89%		
Alloway Township	30	2.33%		
Edgar Joyce Nursery	20	1.55%		
	<u>325</u>	<u>25.25%</u>	<u>n/a</u>	<u>0.00%</u>

Source: County of Salem Department of Economic Development.

n/a - Not available

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction										
Regular	27.0	27.0	27.0	27.0	27.0	29.0	35.0	36.0	36.0	36.0
Special education	4.0	4.0	4.0	4.0	4.5	5.0	8.0	8.5	8.5	9.0
Support services:										
Student & instruction related services	5.5	5.5	5.5	5.5	5.5	5.5	6.5	6.4	5.7	6.5
General administration	1.0	1.0	1.0	1.0	0.5	0.5	1.5	1.5	1.5	1.5
School administration	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Business administrative services	0.8	0.8	0.8	0.8	0.8	0.8	2.5	2.5	2.5	2.5
Plants operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.5	5.2	5.5	5.6	5.6
Food service	4.0	4.0	4.0	4.5	4.5	4.5	4.5	4.5	4.0	4.0
Child care	4.0	4.0	4.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0
Total	<u>50</u>	<u>50</u>	<u>50</u>	<u>51</u>	<u>52</u>	<u>55</u>	<u>69.2</u>	<u>70.9</u>	<u>69.8</u>	<u>71.1</u>

Source: District personnel records and budget book.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2001	459	4,905,893	10,688	7.54%	31.0	1:16	456.1	432.6	-0.96%	94.85%
2002	465	5,292,962	11,383	6.50%	32.0	1:16	465.0	446.7	1.95%	96.06%
2003	475	5,650,579	11,896	4.51%	31.0	1:16	474.0	453.2	1.94%	95.61%
2004	488	5,707,882	11,696	-1.68%	31.0	1:16	487.5	467.3	2.85%	95.86%
2005	491	6,067,800	12,358	5.66%	31.5	1:16	488.3	465.2	0.16%	95.27%
2006	489	6,289,962	12,863	4.09%	34.0	1:16	492.3	470.6	0.82%	95.59%
2007	482	7,100,664	14,732	14.53%	34.9	1:14	480.7	460.2	-2.36%	95.74%
2008	481	7,477,361	15,545	5.52%	34.0	1:14	479.5	460.8	-0.25%	96.10%
2009	666	* 7,634,325	11,463	-26.26%	35.0	1:13	460.7	441.9	-3.92%	95.92%
2010	646	* 7,764,435	12,019	4.85%	36.0	1:13	462.3	442.4	0.35%	95.70%

Source: District records, ASSA and schedules J-4, J-12, J-14.

* Enrollment includes Woodstown High School enrollment of 200

Note: Enrollment based on annual October district count.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Elementary</u>										
Alloway Elementary										
Square feet	38,393	38,393	38,393	38,393	38,393	38,393	55,760	55,760	55,760	55,760
Capacity (students)	500	500	500	500	500	500	629	629	629	629
Enrollment	459	465	475	488	491	489	482	481	466	461

Number of schools at June 30, 2010
Elementary = 1

Source: District office.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30, 2010
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

* School Facilities	Gross Square Footage	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Alloway School	55,760	<u>49,625</u>	<u>64,494</u>	<u>13,277</u>	<u>48,894</u>	<u>34,758</u>	<u>19,770</u>	<u>57,975</u>	<u>47,777</u>	<u>80,219</u>	<u>49,900</u>	<u>466,689</u>

* School facilities as defined under EFCA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2010
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Board Association Insurance Group		
Property - blanket buildings & contents	14,864,978	5,000
Electronic Data Processing	210,000	1,000
Boiler & Machinery		
Combined Single Limit	100,000,000	5,000
Crime		
Employee blanket bond/per employee	100,000	1,000
Employee blanket bond/theft, disappearance & destruction	25,000	500
Employee blanket bond/theft, disappearance money orders	25,000	500
Employee blanket bond/forgery per occurrence	100,000	1,000
Employee blanket bond/computer per occurrence	100,000	500
General Liability		
Bodily injury & property damage	6,000,000	None
Bodily injury products and completed operations	6,000,000	None
Sexual abuse	6,000,000	None
Personal and advertising injury	6,000,000	None
Employee benefits liability	6,000,000	1,000
Premises medical payments	10,000	None
Terrorism	1,000,000	None
Commercial Automobile Liability		
Bodily injury & property damage	6,000,000	None
Errors & Omissions Liability Policy		
Coverage A	2,000,000	5,000
Coverage B	100,000	5,000
Workmen's Compensation - NJ School Boards Association Insurance		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Public employees' faithful performance bonds -		
Ohio Casualty Insurance Company		
Employee bond - Kevin Crouch, Treasurer	175,000	None
Employee bond - Rebecca Joyce, Business Administrator/Board Secretary	40,000	None

Source: District records.

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Alloway Township School District
County of Salem
Alloway, New Jersey 08001

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 Board of Education of the Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Alloway Township School District's basic financial statements and have issued our report thereon dated September 21, 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 Alloway Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 21, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Alloway Township School District
County of Salem
Alloway, New Jersey 08001

Compliance

We have audited the compliance of the Board of Education of the Alloway Township School District, in the County of Salem, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2010. Alloway Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Alloway Township School District's management. Our responsibility is to express an opinion on the Alloway Township School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Alloway Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a

reasonable basis for our opinion. Our audit does not provide a legal determination of Alloway Township School District's compliance with those requirements. In our opinion, the Alloway Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 management, the Alloway Township School District Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 21, 2010

ALLOWAY TOWNSHIP SCHOOL DISTRICT
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 Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2010			Memo Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
ARRA-SRSF-ESF (Education State Grants)	84.394	n/a	594,013	07/1/09	06/30/10			594,013	(594,013)						
ARRA-SRSF-GSF (Government Services)	84.397	n/a	22,995	07/1/09	06/30/10			22,995	(22,995)						
Total General Fund								617,008	(617,008)						
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A	84.010A	NCLB006010	23,443	09/1/09	08/31/10			10,576	(23,443)			(12,867)			23,443
Title I - Part A	84.010A	NCLB006009	25,024	09/1/08	08/31/09	(9,579)		9,579							25,024
Title II-A - Teacher & Principal Training	84.367	NCLB006010	21,094	09/1/09	08/31/10			8,018	(21,094)			(13,076)			21,094
Title II-A - Teacher & Principal Training	84.367	NCLB006009	20,982	09/1/08	08/31/09	(6,609)		6,609							20,982
Title II-D - Education Technology	84.318	NCLB006010	234	09/1/09	08/31/10				(234)			(234)			234
Title II-D - Education Technology	84.318	NCLB006009	203	09/1/08	08/31/09	(203)		203							203
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB006010	931	09/1/09	08/31/10				(931)			(931)			931
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB006009	968	09/1/08	08/31/09	(589)		589							968
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006010	120,025	09/1/09	08/31/10			70,409	(118,057)			(47,648)			118,057
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006009	123,222	09/1/08	08/31/09	(36,645)		36,645							123,222
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006008	122,294	09/1/07	08/31/08	3,261							3,261		119,033
I.D.E.A. Part B, Preschool	84.173	IDEA006010	3,907	09/1/09	08/31/10			3,907	(3,907)						3,907
I.D.E.A. Part B, Preschool	84.173	IDEA006009	3,967	09/1/08	08/31/09	(1,983)		1,983							3,967
ARRA - Title I	84.389		6,428	07/1/09	08/31/11				(4,199)			(4,199)			4,199
ARRA - I.D.E.A. Part B	84.391		127,165	07/1/09	08/31/11				(43,632)			(43,632)			43,632
ARRA Preschool	84.392		4,599	07/1/09	08/31/11										
Rural Education Achievement Program	84.358	S358A091526	37,816	07/1/09	09/30/10			37,816	(37,816)						37,816
Total Special Revenue Fund						(52,347)		186,334	(253,313)			(122,587)	3,261		546,712
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		7,494	07/1/09	06/30/10			7,494	(4,866)			2,628			7,494
Food Distribution Program	10.550		12,030	07/1/08	06/30/09	3,515			(3,515)						12,030
National School Lunch Program	10.555		28,472	07/1/09	06/30/10			26,522	(28,472)			(1,950)			28,472
Special Milk Program for Children	10.556		389	07/1/09	06/30/10			362	(389)			(27)			389
Total Enterprise Fund						3,515		34,378	(37,242)			(1,977)	2,628		47,996
Total Federal Financial Awards						(48,832)		837,720	(907,563)			(124,564)	2,628	3,261	594,708

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2009			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2010			Memo	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	10-495-034-5120-078	2,437,312	07/1/09	06/30/10			2,437,312	(2,437,312)					338,302	2,437,312	
Transportation Aid	10-495-034-5120-014	191,602	07/1/09	06/30/10			191,602	(191,602)					29,326	191,602	
Special Education Aid	10-495-034-5120-089	310,460	07/1/09	06/30/10			310,460	(310,460)					30,886	310,460	
Security Aid	10-495-034-5120-084	29,242	07/1/09	06/30/10			29,242	(29,242)					4,476	29,242	
Extraordinary Aid	10-100-034-5120-473	40,804	07/1/09	06/30/10				(40,804)		(40,804)				40,804	
Extraordinary Aid	09-100-034-5120-473	37,744	07/1/08	06/30/09		(37,744)	37,744							37,744	
Nonpublic Transportation Costs	n/a	4,206	07/1/09	06/30/10				(4,206)		(4,206)				8,412	
Nonpublic Transportation Costs	n/a	5,592	07/1/08	06/30/09		(5,592)	5,592							5,592	
Reimbursed T.P.A.F. Social Security Contributions	10-100-034-5095-002	207,515	07/1/09	06/30/10			207,515	(207,515)						207,515	
On-Behalf T.P.A.F. Postretirement Contribution	10-100-034-5095-001	169,257	07/1/09	06/30/10			169,257	(169,257)						169,257	
On-Behalf T.P.A.F. Pension Contribution	10-100-034-5095-006	9,012	07/1/09	06/30/10			9,012	(9,012)						9,012	
Total General Fund						(43,336)	3,397,736	(3,399,410)		(45,010)			402,990	3,446,952	
State Department of Education															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Auxiliary Services (Chapter 192)															
English as a second language	10-100-034-5120-067	979	07/1/09	06/30/10			979						979		
English as a second language	09-100-034-5120-067	1,015	07/1/08	06/30/09					(1,036)						
Auxiliary Services															
Transportation	10-100-034-5120-068	386	07/1/09	06/30/10			386	(386)						386	
Handicapped Services (Chapter 193)															
Examination and Classification	10-100-034-5120-066	366	07/1/09	06/30/10			366	(366)						366	
Supplemental Instruction	10-100-034-5120-066	796	07/1/09	06/30/10			796	(796)						796	
Supplemental Instruction	09-100-034-5120-066	1,652	07/1/08	06/30/09					(826)						
Corrective Speech	10-100-034-5120-066	897	07/1/09	06/30/10			897	(897)						897	
State Department of Health and Senior Services															
Southwest Council															
Reaching everyone by exposing lies	n/a	1,000	07/1/09	06/30/10			1,000	(1,000)						1,000	
Total Special Revenue Fund							1,862	(3,445)		(1,862)			979	3,445	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	10-100-010-3360-067	2,119	07/1/09	06/30/10			1,977	(2,119)		(142)				2,119	
Total Enterprise Fund							1,977	(2,119)		(142)				2,119	
Total State Financial Assistance						(41,474)	1,862	3,404,137	(3,404,974)	(1,862)	(45,152)		979	402,990	
														3,452,516	

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Alloway Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on 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 Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of O.M.B. Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) 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 G.A.A.P. reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44-.2. For G.A.A.P. purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4-.2.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2010

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is (22,980) for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (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 G.A.A.P. basis as presented (See Exhibit B-2):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	617,008	3,377,230	3,994,238
Special Revenue Fund	253,313	3,445	256,758
Food Service Fund	36,355	2,119	38,474
Total Financial Assistance	<u>906,676</u>	<u>3,382,794</u>	<u>4,289,470</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2010, Alloway Township School District has food commodities totaling \$2,628 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. T.P.A.F. Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2010.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal awards

Internal control over major programs:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses Yes None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA-SFSF-ESF (Educ. State Grants)

Dollar threshold used to distinguish between type A and type B programs: \$300,000
Auditee qualified as low-risk auditee? Yes No

ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor’s Results

State awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

3. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J.O.M.B. Circular Letter 04-04? Yes X No

Identification of major programs:

GMIS Numbers
495-034-5120-078
495-034-5120-089

Name of State Program
Equalization Aid
Special Education Categorical Aid

Section II – Financial Statement Findings

None

Section III – State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

None

STATE AWARDS

None

ALLOWAY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

No matters were reported.