

SCHOOL DISTRICT

OF

ALLENHURST

**ALLENHURST BOARD OF EDUCATION
ALLENHURST, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

ALLENHURST BOARD OF EDUCATION

ALLENHURST, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**ALLENHURST BOARD OF EDUCATION
FINANCE DEPARTMENT**

ALLENHURST SCHOOL DISTRICT

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INTRODUCTORY SECTION

ALLENHURST PUBLIC SCHOOLS
OFFICE OF THE SCHOOL BUSINESS ADMINISTRATOR
125 CORLIES AVE, ALLENHURST, NEW JERSEY 07711

Peter E. Genovese III, RSBO, QPA
School Business Administrator
Board Secretary
(732) 531-8483

November 18, 2011

Honorable President and
Members of the Board of Education
Allenhurst School District
County of Monmouth, NJ 07711

Dear Board Members:

The comprehensive annual financial report of the Allenhurst School District for the fiscal year ended June 30, 2011 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 and 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 the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally present on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 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 report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

I. REPORTING ENTITY AND ITS SERVICES:

Allenhurst School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No. 14. All funds and account groups of the district are included in this report. The Allenhurst Board of Education constitutes the District's reporting entity.

The district provides a full range of education programs and services appropriate to grade levels K through 12. These include regular and special education for youngsters with disabilities. The regular program in grades K through 12 are provided in the Asbury Park School District.

The district maintains a sending-receiving relationship with the Asbury Park School District and pays tuition for students in grades K through 12. Resident vocational students are sent to the Monmouth County Vocational Technical School District. Handicapped students whose individual education programs indicate the need for placement beyond these districts are sent to appropriate public or private schools where the needs of these students can best be met. The Asbury Park Child Study Team evaluates the students thought to be in need of special education services. The District completed the 2010-2011 fiscal year with an enrollment of one student.

II. ECONOMIC CONDITION AND OUTLOOK:

The Borough of Allenhurst is a residential community. The town is nearly fully developed with few lots remaining for the construction of new homes.

III. MAJOR INITIATIVES:

As a sending district to the Asbury Park School District, the Allenhurst Board of Education continues to monitor the progress of enrolled students through articulation with the Asbury Park Child Study Team and the Director of Pupil Personnel. Additionally, the Allenhurst Board of Education entered into a shared services agreement with the Long Branch Board of Education for the purposes of sharing the School Business Administrator. This initiative has saved the Allenhurst public schools a substantial amount of money. The Allenhurst Board of Education is also looking into the merging of their district with another K - 12 school system as part of the New Jersey State law regarding non-operating districts.

IV. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance

IV. INTERNAL ACCOUNTING CONTROLS (continued):

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

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

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

V. BUDGETARY CONTROLS:

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

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

VI. ACCOUNTING SYSTEM AND REPORTS:

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

VII. DEBT ADMINISTRATION:

The District has no outstanding debt.

VIII. CASH MANAGEMENT:

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

IX. RISK MANAGEMENT:

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

X. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board of Education. 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 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.

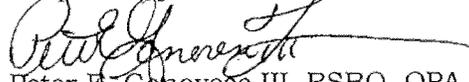
The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

XI. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Allenhurst 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.

Respectfully submitted,



Peter E. Genovese III, RSBO, QPA
School Business Administrator/Board Secretary

PEG/sdz

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lawrence J. O'Rourke - President	2013
Joel Fleming - Vice-President	2012
Virginia Koar	2014
Robert Selden	2013
Christine M. McIver	2012

Other Officials

Peter E. Genovese III, RSBO, QPA - School Business Administrator/Board Secretary

Marilyn Rosen - Treasurer

Richard D. McOmber, Esq. - Solicitor

CONSULTANTS AND ADVISORS

AUDIT FIRM

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, NJ 07719

ATTORNEY

McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, NJ 07701

OFFICIAL DEPOSITORY

Central Jersey Bank
627 2nd Avenue
Long Branch, NJ 07740

FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Allenhurst School District
County of Monmouth
Allenhurst, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Allenhurst Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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, each major fund, and the aggregate remaining fund information of the Allenhurst Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the Allenhurst Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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. This 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.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 15 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 18, 2011

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

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REPORT ON COMPLIANCE AND 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

K-1

Honorable President and Members
of the Board of Education
Allenhurst School District
County of Monmouth
Allenhurst, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. 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 Allenhurst Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allenhurst Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Allenhurst Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over 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 Allenhurst Board of Education's general-purpose 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 general-purpose 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 the audit committee, management, the Allenhurst 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.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 18, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

ALLENHURST SCHOOL DISTRICT
BOROUGH OF ALLENHURST
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The discussion and analysis of Allenhurst School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2010-2011 fiscal year are as follows:

- General revenues accounted for \$74,858 in revenue or 100% percent of all revenues.
- Total assets of governmental activities decreased by \$53,129.
- The School District had \$136,629 in expenses; \$8,642 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$74,858 were adequate to provide for these programs.
- The General Fund had \$83,500 in revenues and \$130,636 in expenditures. The General Fund's balance decreased \$47,136 over 2010.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Allenhurst School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Allenhurst School District, the General Fund is the most significant fund.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2010-2011 fiscal year?” The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District has the following type of activity:

- Governmental activities – All of the School District’s programs and services are reported here including, but not limited to, support services, general administration and pupil transportation.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begins on page 17. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District only has one major governmental fund - General Fund.

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for the fiscal years ended 2011 and 2010.

Table 1
Net Assets

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and Other Assets	\$ <u>506,670</u>	<u>551,487</u>
Total Assets	\$ <u>506,670</u>	<u>551,487</u>
<u>Liabilities</u>		
Accounts Payable	\$ <u>8,938</u>	<u>626</u>
<u>Net Assets</u>		
Capital Assets	\$ 65,919	71,912
Restricted	355,101	378,484
Unrestricted	<u>76,712</u>	<u>100,465</u>
Total Net Assets	\$ <u>497,732</u>	<u>550,861</u>

Table 2 shows the changes in net assets for fiscal years ended 2011 and 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
General Revenues:		
Property Taxes	\$ 24,065	24,065
Grants and Entitlements	47,319	41,931
Other	<u>12,116</u>	<u>13,395</u>
Total Revenues	<u>83,500</u>	<u>79,391</u>
<u>Program Expenses</u>		
Support Services:		
Tuition	46,636	39,265
General Administration	10,935	14,551
Central Services	15,349	27,764
Pupil Transportation	62,709	81,425
Business and Other Support Services	<u>1,000</u>	<u>1,000</u>
Total Expenses	<u>136,629</u>	<u>164,005</u>
Increase/(Decrease) in Net Assets	\$ (53,129)	(84,614)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 29% percent of revenues for governmental activities for the Allenhurst Public School District for fiscal year 2011. The District's total revenues were \$83,500 for the fiscal year ended June 30, 2011.

The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Allenhurst's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2011, it reported a combined net asset balance of \$497,732. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund decreased during the fiscal year by \$47,136 to \$431,813. Of the \$431,813 fund balance, \$250,000 has been reserved for emergency purposes.

The fund balance used to fund the 2011-2012 fiscal budget is \$105,101.

Capital Assets

At June 30, 2011, the School District had capital assets of \$65,919. This is a school bus used to transport students

Debt Administration

At June 30, 2011, the School District had no outstanding debt.

Economic Factors and Next Year's Budget

The Allenhurst School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Allenhurst is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

The \$76,712 is unrestricted net assets for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$76,712.

In conclusion, the Allenhurst School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Peter E. Genovese III, School Business Administrator/Board Secretary at Allenhurst Board of Education, 125 Corlies, Allenhurst, NJ 07711.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 438,663	438,663
Receivables, Net	2,088	2,088
Capital Assets, Net	<u>65,919</u>	<u>65,919</u>
Total Assets	<u>\$ 506,670</u>	<u>506,670</u>
<u>Liabilities</u>		
Accounts Payable	<u>\$ 8,938</u>	<u>8,938</u>
Total Liabilities	<u>\$ 8,938</u>	<u>8,938</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	\$ 65,919	65,919
Restricted For:		
Other Purposes	355,101	355,101
Unrestricted	<u>76,712</u>	<u>76,712</u>
Total Net Assets	<u>\$ 497,732</u>	<u>497,732</u>

The accompanying notes to financial statements are an integral part of this statement.

ALLENHURST SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>					
Governmental Activities:					
Support Services:					
Tuition	\$ 46,636	-	(37,994)		(37,994)
General Administrative Services	10,935		(10,935)		(10,935)
Central Services	15,349		(15,349)		(15,349)
Custodial Services	500		(500)		(500)
Pupil Transportation	62,709		(62,709)		(62,709)
Unallocated Benefits	500		(500)		(500)
Total Government Activities	<u>136,629</u>	<u>-</u>	<u>(127,987)</u>	<u>-</u>	<u>(127,987)</u>
Total Primary Government	<u>136,629</u>	<u>-</u>	<u>(127,987)</u>	<u>-</u>	<u>(127,987)</u>
General Revenues:					
Property Taxes, Levied for General Purpose, Net			24,065		24,065
Federal and State Aid Not Restricted			47,319		47,319
Miscellaneous			3,474		3,474
Total General Revenues, Special Items, Extraordinary Items and Transfers			<u>74,858</u>	<u>-</u>	<u>74,858</u>
Change in Net Assets			(53,129)	-	(53,129)
Net Assets - Beginning			550,861	-	550,861
Net Assets - Ending			<u>\$ 497,732</u>	<u>-</u>	<u>497,732</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 438,037	626	438,663
Accounts Receivable	2,088		2,088
Total Assets	<u>\$ 440,125</u>	<u>626</u>	<u>440,751</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accounts Payable	<u>\$ 8,312</u>	<u>626</u>	<u>8,938</u>
<u>Fund Balance</u>			
Committed to:			
Emergency Reserve	250,000		250,000
Assigned to:			
Legally Restricted - Designated for Subsequent Years Expenditures	105,101		105,101
Unassigned:			
General Fund	76,712		76,712
Total Fund Balances	<u>431,813</u>	<u>-</u>	<u>431,813</u>
Total Liabilities and Fund Balances	<u>\$ 440,125</u>	<u>626</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$89,891 and the accumulated depreciation is \$23,972.

65,919

Net assets of governmental activities

\$ 497,732

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>		
Local Sources:		
Local Tax Levy	\$ 24,065	24,065
Tuition	8,642	8,642
Miscellaneous	3,474	3,474
Total Local Sources	<u>36,181</u>	<u>36,181</u>
State Sources	47,319	47,319
Total Revenues	<u>83,500</u>	<u>83,500</u>
<u>Expenditures</u>		
Support Services and Undistributed Costs:		
Tuition	46,636	46,636
General Administrative Services	10,935	10,935
Central Services	15,349	15,349
Custodial Services	500	500
Pupil Transportation	56,716	56,716
Unallocated Benefits	500	500
Total Expenditures	<u>130,636</u>	<u>130,636</u>
Net Change in Fund Balances	(47,136)	(47,136)
Fund Balance - July 1	<u>478,949</u>	<u>478,949</u>
Fund Balance - June 30	<u>\$ 431,813</u>	<u>431,813</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (47,136)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense

(5,993)

(5,993)

Change in Net Assets of Governmental Activities

\$ (53,129)

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
ALLENHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Allenhurst School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

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

B. Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services, which report fees, and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

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 special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

F. 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 the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Encumbrances (Continued):

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.

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2011 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2010-2011 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2011</u>
Governmental Activities:				
Machinery and Equipment	<u>\$ 89,891</u>	<u>-0-</u>	<u>-0-</u>	<u>89,891</u>
Totals at Historical Cost	<u>89,891</u>	<u>-0-</u>	<u>-0-</u>	<u>89,891</u>
Less: Accumulated				
Depreciation For:				
Equipment	<u>17,979</u>	<u>5,993</u>	<u>-0-</u>	<u>23,972</u>
Total Accumulated				
Depreciation	<u>17,979</u>	<u>5,993</u>	<u>-0-</u>	<u>23,972</u>
Total Capital Assets Being				
Depreciated, net of				
Accumulated Depreciation	<u>71,912</u>	<u>5,993</u>	<u>-0-</u>	<u>65,919</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 71,912</u>	<u>5,993</u>	<u>-0-</u>	<u>65,919</u>

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2011. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Investments (Continued)**

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Money Market Account	\$ 438,663

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2011 was \$438,663 and the bank balance was \$444,632. Of the bank balance, \$100,000 was covered by federal depository insurance and \$344,632 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

FDIC	\$ 100,000
GUDPA	<u>344,632</u>
	<u>\$ 444,632</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: Pension Plans

Plan Descriptions – Substantially all of the District’s employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers’ Pension and Annuity Fund (“TPAF”) or the Public Employees’ Retirement System (“PERS”). These systems are sponsored and administered by the State of New Jersey. The Teachers’ Pension and Annuity Fund retirement system 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. The Public Employees’ Retirement System is considered a cost sharing multiple-employer plan.

Teachers’ Pension and Annuity Fund – The Teachers’ Pension and Annuity Fund was established in January, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years’ compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Public Employees’ Retirement System – The Public Employee’s Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years’ compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, N.J. 08625-0295.

NOTE 3: Pension Plans (Continued)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997 the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment accounts of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full-market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provides for a reduction in the employers for FY 1998, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation describe above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

NOTE 3: Pension Plans (Continued)

During the year ended June 30, 2011, the State of New Jersey did not contribute to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$0 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

The District's contributions to PERS for the years ended June 30, 2011, 2010 and 2009 were \$-0-, \$-0- and \$-0- respectively, equal to the required contributions for each year.

NOTE 4: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 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 the TPAF and PERS. 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, 2010, there were 87,288 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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 5: 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 6: Contingent Liabilities

The Board is not involved in any claims or lawsuits incidental to its operations as of June 30, 2011, and, as such, no known contingent liabilities.

NOTE 7: Fair Values of Financial Instruments

The following methods and assumptions were used by the Borough of Allenhurst School District in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 8: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 C73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30th if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$-0-.

Excess Surplus Calculation

2010-11 Total General Fund Expenditures Per the CAFR	<u>\$ 130,636</u>
Adjusted 2010-11 General Fund Expenditures	<u>\$ 130,636</u>
2% of Adjusted 2010-11 General Fund Expenditures	<u>\$ 2,613</u>
Minimum Allowed	\$ 250,000
Increased by: Allowable Adjustment	<u>-0-</u>
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>
Total General Fund – Fund Balance @ 6-30-11	\$ 436,200
Decreased by:	
Designated for Subsequent Year's Expenditures	105,101
Other Reserves	<u>250,000</u>
Total Unassigned Fund Balance	<u>\$ 81,099</u>
Total Unassigned Fund Balance for Excess Surplus Calculation	<u>\$ 81,099</u>
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>
Restricted Fund Balance – Excess Surplus	<u>\$ -0-</u>

NOTE 8: Calculation of Excess Surplus (Continued)**Recapitulation of Excess Surplus as of June 30, 2011**

Reserved Fund Balance – Excess Surplus	\$ -0-
Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	<u>-0-</u>
Total	<u>\$ -0-</u>
<u>Other Reserves</u>	
Emergency Reserve	<u>\$ 250,000</u>

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$484,688 General Fund fund balance at June 30, 2010, \$-0- is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$128,484 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; \$250,000 had been set up as a emergency reserve; and \$106,204 is unreserved and undesignated.

NOTE 10: Economic Dependency

The District receives a moderate amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District’s programs and activities.

NOTE 11: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2011. The adoption of FASB ASC 105 did not impact the District’s financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District’s financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through November 18, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 24,065		24,065	24,065	-
Tuition	8,572		8,572	8,642	70
Miscellaneous	5,000		5,000	3,474	(1,526)
Total Local Sources	<u>37,637</u>	<u>-</u>	<u>37,637</u>	<u>36,181</u>	<u>(1,456)</u>
State Sources:					
Categorical Security Aid	146		146	146	-
Adjustment Aid	23,568		23,568	23,568	-
Categorical Transportation Aid	20,165		20,165	20,165	-
Non-Public Transportation Aid			-	2,088	2,088
Total State Sources	<u>43,879</u>	<u>-</u>	<u>43,879</u>	<u>45,967</u>	<u>2,088</u>
Total Revenues	<u>81,516</u>	<u>-</u>	<u>81,516</u>	<u>82,148</u>	<u>632</u>
Expenditures:					
Current Expense:					
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	90,167		90,167	46,636	43,531
Tuition to County Voc. School - Regular	6,000		6,000		6,000
Total Undistributed Expenditures-Instruction	<u>96,167</u>	<u>-</u>	<u>96,167</u>	<u>46,636</u>	<u>49,531</u>

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Legal Services	6,500		6,500	1,772	4,728
Audit Fees	2,800		2,800	2,800	-
Other Purchased Professional Services Communications/Telephone	1,800		1,800	1,011	789
Other Purchased Services (400-500 Series)	600		600	522	78
General Supplies	5,616		5,616	4,608	1,008
BOE Membership Dues and Fees	100		100	-	100
Miscellaneous Expenditures	200		200	134	66
Total Undistributed Expenditures - Supp. Serv. General Administration	17,716	-	17,716	10,935	6,781
Undistributed Expenditures - Supp. Serv. - Central Services:					
Purchased Professional Services	15,456		15,456	15,349	107
Total Undistributed Expenditures - Supp. Serv. - Central Services	15,456	-	15,456	15,349	107
Undistributed Expenditures - Custodial Services Insurance	500		500	500	-
Total Undistributed Expenditures - Custodial Services	500	-	500	500	-

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Student Transportation Serv:					
Other Purchased Prof./Tech. Services	35,321		35,321	27,620	7,701
Cleaning, Repair and Maintenance Services	2,500		2,500	1,907	593
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	6,700		6,700	3,087	3,613
Contr. Serv. (Reg. Students)-ESCs & CTSA's	20,288		20,288	12,086	8,202
Contr. Serv. - Aid in Lieu - Non-Public Schools	8,362		8,362	7,956	406
Misc. Purchased Services - Transportation	3,190		3,190	1,603	1,587
Transportation Supplies	2,500		2,500	2,242	258
Other Objects	800		800	215	585
Total Undistributed Expenditures - Student Transportation Services	79,661	-	79,661	56,716	22,945
Undistributed Expenditures - Support Services - Workmen's Compensation	500		500	500	-
Total Undistributed Expenditures - Business and Other Support Services	500	-	500	500	-
Total Undistributed Expenditures	210,000	-	210,000	130,636	79,364
Total Expenditures	210,000	-	210,000	130,636	79,364

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<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 Over/(Under) Expenditures	(128,484)	-	(128,484)	(48,488)	79,996
Fund Balance July 1	<u>484,688</u>		<u>484,688</u>	<u>484,688</u>	
Fund Balance June 30	<u>\$ 356,204</u>	<u>-</u>	<u>356,204</u>	<u>436,200</u>	<u>79,996</u>
Recapitulation:					
Emergency Reserve				\$ 250,000	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures				105,101	
Unassigned Fund Balance				<u>81,099</u>	
				<u>436,200</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(4,387)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 431,813</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULE

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>
<u>Sources/Inflows of Resources</u>	
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 82,418
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	5,739
State Aid Payment Recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(4,387)</u>
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 83,770</u>
<u>Uses/Outflows of Resources</u>	
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 130,636</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 130,636</u>

OTHER SUPPLEMENTARY INFORMATION

STATISTICAL SECTION

(Unaudited)

ALLENHURST BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED

J-1

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 65,919	71,912	77,905	83,898	-	-	3,528	7,056
Restricted	355,101	378,484	436,701	361,882	260,917	200,165	108,202	55,064
Unrestricted	76,712	100,465	120,869	248,424	247,362	101,994	106,332	100,000
Total Governmental Activities	<u>\$ 497,732</u>	<u>550,861</u>	<u>635,475</u>	<u>694,204</u>	<u>508,279</u>	<u>302,159</u>	<u>218,062</u>	<u>162,120</u>

ALLENHURST BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED

J-2

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:								
Governmental Activities	\$ 136,629	164,005	151,163	149,350	161,208	280,434	350,427	311,585
Program Revenues:								
Governmental Activities	8,642	-	-	-	-	-	-	-
Net (Expense):	(127,987)	(164,005)	(151,163)	(149,350)	(161,208)	(280,434)	(350,427)	(311,585)
General Revenues and Other Changes								
in Net Assets:								
Governmental Activities	74,858	79,391	92,434	335,275	367,328	364,531	406,369	328,829
Change in Net Assets:								
Governmental Activities	\$ (53,129)	(84,614)	(58,729)	185,925	206,120	84,097	55,942	17,244

ALLENHURST BOARD OF EDUCATION
FUND BALANCES, GOVERNMENT FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED

J-3

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:								
Reserved	\$ 355,101	378,484	436,701	361,882	260,917	200,165	108,202	55,064
Unreserved	76,712	100,465	120,869	248,424	247,362	101,994	106,332	100,000
Total General Fund	<u>\$ 431,813</u>	<u>478,949</u>	<u>557,570</u>	<u>610,306</u>	<u>508,279</u>	<u>302,159</u>	<u>214,534</u>	<u>155,064</u>

ALLENHURST BOARD OF EDUCATION
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS
UNAUDITED

J-4

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Local Tax Levy	\$ 24,065	24,065	24,065	257,516	107,821	107,821	161,078	183,232	165,171	165,171
Other Local Revenue	12,116	13,395	8,773	10,657	24,794	34,092	10,069	4,062	7,239	10,101
State Revenue	47,319	41,931	59,596	67,102	10,032	9,578	11,203	9,191	9,223	9,166
Total Revenues	83,500	79,391	92,434	335,275	142,647	151,491	182,350	196,485	181,633	184,438
Expenditures:										
Instruction:										
Special	-	-	-	-	-	-	-	178	7,757	923
Total Instruction	-	-	-	-	-	-	-	178	7,757	923
Undistributed:										
Instruction	46,636	39,265	45,216	38,940	72,083	117,419	82,886	102,181	125,414	101,161
General Administration	10,935	14,551	19,589	18,166	6,373	14,408	9,654	5,315	3,719	9,029
Central Services	15,349	27,764	16,588	16,810	11,646	11,451	12,301	5,259	6,390	-
Operations and Maintenance	500	500	-	-	-	4,547	4,443	14,544	10,980	2,081
Student Transportation	56,716	75,432	61,593	65,610	14,890	14,107	12,976	10,568	19,551	32,198
Business and Other Support Services	500	500	1,615	1,601	815	14	894	729	761	9,661
Reimbursed TPAF Social Security Contr.	-	-	569	2,230	1,786	862	894	138,596	166,815	704
Total Undistributed	130,636	158,012	145,170	143,357	107,593	162,808	123,154	138,596	174,572	154,834
Capital Outlay	-	-	-	89,891	-	-	-	-	-	-
Total General Fund Expenditures	130,636	158,012	145,170	233,248	107,593	162,808	123,154	138,774	174,572	155,757
Special Revenue:										
State	-	-	-	-	-	-	-	-	178	178
Total Special Revenue Fund	-	-	-	-	-	-	-	-	178	178
Total Governmental Fund Expenditures	130,636	158,012	145,170	233,248	107,593	162,808	123,154	138,774	174,750	155,935
Net Change in Fund Balance	\$ (47,136)	(78,621)	(52,736)	102,027	35,054	(11,317)	59,196	57,711	6,883	28,503

Source: District Records

ALLENHURST SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
UNAUDITED

J-5

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Prior Year Refunds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Totals</u>
2002	2,520			228	2,748
2003	1,778				1,778
2004	1,160				1,160
2005	2,407				2,407
2006	4,906		9,542		14,448
2007	15,672		4,409		20,081
2008	7,900		2,109	648	10,657
2009	5,967		2,781	25	8,773
2010	6,363	442	5,070	1,520	13,395
2011	3,474		8,642		12,116

Source: District Records.

ALLENHURST SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

J-6

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2001	\$ 115,600,449	150,403,915	76.86%
2002	207,517,584	181,555,192	114.30%
2003	207,530,471	212,503,042	97.66%
2004	208,165,687	257,312,345	80.90%
2005	209,922,567	297,088,264	70.66%
2006	210,750,245	414,862,687	50.80%
2007	589,208,759	510,623,762	115.39%
2008	587,644,603	559,501,669	105.03%
2009	586,306,091	548,718,850	106.85%
2010	587,876,291	592,736,732	99.18%

Source: Monmouth County.

ALLENHURST SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
UNAUDITED

J-7

<u>Assessment Year</u>	<u>Allenhurst School District</u>	<u>Municipal</u>	<u>Monmouth County</u>	<u>Total</u>
2001	0.170	1.070	0.610	1.850
2002	0.090	0.730	0.380	1.200
2003	0.120	0.660	0.430	1.210
2004	0.160	0.670	0.460	1.290
2005	0.140	0.710	0.480	1.330
2006	0.140	0.750	0.590	1.480
2007 *	0.050	0.300	0.230	0.580
2008	0.010	0.330	0.240	0.580
2009	0.004	0.347	0.242	0.593
2010	0.010	0.370	0.270	0.650

* - Revaluation

Source: Municipal Tax Assessor.

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

J-8

<u>Taxpayer</u>	<u>Assessed Valuation 2010</u>	<u>As a % of District's Net Assessed Valuation</u>
Individual Taxpayer #1	\$ 5,371,900	0.91%
Individual Taxpayer #2	5,174,700	0.88%
Individual Taxpayer #3	4,985,100	0.85%
Individual Taxpayer #4	4,968,300	0.85%
Individual Taxpayer #5	4,864,800	0.83%
Individual Taxpayer #6	4,829,400	0.82%
Individual Taxpayer #7	4,724,900	0.80%
Individual Taxpayer #8	4,696,700	0.80%
Individual Taxpayer #9	4,599,800	0.78%
Individual Taxpayer #10	4,591,000	0.78%
	<u>\$ 48,806,600</u>	<u>8.30%</u>

Source: Municipal Tax Assessor.

ALLENHURST SCHOOL DISTRICT
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
UNAUDITED

J-9

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2001	\$ 2,137,854	2,127,814	99.53%
2002	2,496,664	2,496,145	99.98%
2003	2,508,901	2,495,134	99.45%
2004	2,693,208	2,687,741	99.80%
2005	2,794,854	2,792,003	99.90%
2006	3,112,781	3,076,499	98.83%
2007	3,412,049	3,392,276	99.42%
2008	3,411,503	3,393,052	99.46%
2009	3,486,233	3,446,458	98.86%
2010	3,828,298	3,786,643	98.91%

Source: Municipal Tax Collector.

ALLENHURST BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

J-10

Not Applicable - Allenhurst has not issued any debt during the last ten fiscal years.

ALLENHURST BOARD OF EDUCATION
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
UNAUDITED

J-11

Not Applicable - Allenhurst has not issued any debt during the last ten fiscal years.

ALLENHURST SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

J-12

Net Direct Debt of School District as of December 31, 2010		\$ -
Net Overlapping Debt of School District:		
Borough of Allenhurst (100%)	2,856,901	
County of Monmouth - Borough's Share (.47%)	<u>2,294,235</u>	
		<u>5,151,136</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010		<u>\$ 5,151,136</u>

**Source: District Records, County Records and
Municipal Records.**

ALLENHURST BOARD OF EDUCATION
COMPUTATION OF LEGAL DEBT MARGIN
LAST EIGHT FISCAL YEARS
UNAUDITED

J-13

	<u>Year</u>	<u>Equalized Valuation Basis</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>							
Average Equalized Valuation of Taxable Property		\$ 1,805,268,930														
School Borrowing Margin (3% of \$601,756,310)		\$ 601,756,310														
Net Bonded School Debt as of June 30, 2011		-														
School Borrowing Margin Available		\$ 18,052,689														
Debt Limit	2011	\$ 18,052,689	2010	17,015,909	2009	16,211,451	2008	14,843,693	2007	12,179,321	2006	9,637,557	2005	7,630,464	2004	6,497,174
Net Debt		-		-		-		-		-		-		-		
Legal Debt Margin		\$ 18,052,689		17,015,909		16,211,451		14,843,693		12,179,321		9,637,557		7,630,464		6,497,174

Source: State of New Jersey, Department of Taxation.

ALLENHURST BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
UNAUDITED

J-14

<u>Year Ended December 31,</u>	<u>Allenhurst Unemployment Rate</u>	<u>Allenhurst Personal Income (a)</u>	<u>Monmouth County Per Capita Income</u>	<u>Population</u>
2001	1.2%	\$ 31,056,025	43,435	715
2002	1.3%	30,659,836	42,821	716
2003	1.8%	30,719,975	42,965	715
2004	2.3%	33,093,495	46,545	711
2005	2.7%	34,419,552	48,072	716
2006	2.7%	37,221,791	52,499	709
2007	2.5%	39,189,852	55,826	702
2008	3.2%	40,089,747	57,353	699
2009	7.2%	38,175,387	54,771	697
2010	5.4%	Unavailable	Unavailable	Unavailable

**Source: Bureau of Labor Statistics, United States Department of Commerce and
State Data Center**

(a) Personal Income has been estimated based upon the municipal population and per capita income presented

ALLENHURST BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

J-15

2011

DATA NOT AVAILABLE

2002

DATA NOT AVAILABLE

ALLENHURST BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

J-16

<u>Function/Program</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>2011</u>
Instruction	-	-	-	-	-	-	-	-	-	-
Regular	-	-	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	-	-	-
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central Services	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations & maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	0.25									

Source: District Personnel Records

* - Allenhurst Board of Education entered into a shared services agreement with the City of Long Branch Board of Education

ALLENHURST BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
PUPIL/TEACHER RATIO
UNAUDITED

J-17

Not Applicable - Allenhurst is a non-operating District

ALLENHURST BOARD OF EDUCATION
BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

J-18

Not Applicable - Allenhurst does not own a building

ALLENHURST BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

J-19

Not Applicable - Allenhurst does not own a building

ALLENHURST SCHOOL DISTRICT
INSURANCE SCHEDULE

JUNE 30, 2011

UNAUDITED

J-20

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive General Liability - N.J. School Boards Assoc.		
Insurance Group		
Property	\$ 300,000,000	
Electronic Data Processing	38,500	
Equipment	100,000,000	
General Liability	6,000,000	
Automobile	6,000,000	
School Leaders Errors & Omissions - N.J. School Boards Assoc.		
Insurance Group		
Directors and Officers Policy	3,000,000	5,000
Worker's Compensation - N.J. School Boards Assoc.	2,000,000	
Treasurer of School Monies Surety Bond - N.J. School Boards Assoc.	100,000	-0-

Source: District Records.

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

K-4

State Grant or Department of Education Project/Title	State Grant Number	Award Amount	Grant Period	Balance at June 30, 2010		Carry- over (Walk- over) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2011		MEMO	
				Deferred Revenue (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable
State Department of Education: General Fund:												
Transportation Aid	11-495-034- 5120-014	\$ 20,165	7/1/2010 6/30/2011	\$ -			20,165	(20,165)		*	(2,017)	20,165
Security Aid	11-495-034- 5120-084	146	7/1/2010 6/30/2011				146	(146)		*	(2)	146
Adjustment Aid	11-495-034- 5120-085	23,568	7/1/2010 6/30/2011				23,568	(23,568)		*	(2,368)	23,568
Non-Public Transportation Aid	10-495-034- 5120-044	4,644	7/1/2009 6/30/2010	(4,644)			4,644	(2,088)		*		
Non-Public Transportation Aid	11-495-034- 5120-044	2,088	7/1/2010 6/30/2011	(4,644)			48,523	(45,967)		*	(4,387)	2,088
Total General Fund				\$ (4,644)			48,523	(45,967)			(4,387)	45,967
Total State Financial Awards				\$ (4,644)			48,523	(45,967)			(4,387)	45,967

See Accompanying Notes to Schedules of Financial Assistance.