

ALLENDALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Allendale, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
of the
Allendale Board of Education
Allendale, New Jersey
For The Fiscal Year Ended June 30, 2013

Prepared by
Business Office

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INTRODUCTORY SECTION

Allendale Public Schools

100 Brookside Avenue

Allendale, N.J. 07401-1795

FAX 201-825-6553

December 5, 2013

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

The comprehensive annual financial report of the Borough of Allendale School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations"; and New Jersey OMB Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1. DESCRIPTION OF THE MUNICIPALITY: The Borough of Allendale is located approximately 20 miles north of the George Washington Bridge in the northwestern section of Bergen County, New Jersey. Incorporated in 1894, the Borough is primarily a residential community, with a large number of commuters who take advantage of a reliable commuter transportation system. The Borough is bordered by the Boroughs of Ramsey, Saddle River and Waldwick, as well as Mahwah and Wyckoff Townships. The Borough of Allendale encompasses 3.13 square mile, with a density factor of approximately 2,143.9 persons per square mile, based upon the Borough's 2010 estimated population of 6,505 persons. The District is served by major transportation routes, including Routes 17, 502 and 507 (25.93 miles of municipal roads and 8.22 miles of county roads), as well as Interstates 87 and 287. Metropolitan airports are within fairly easy commuting distance. Nearby rail and bus service for commuting are also available.

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

The school district has two schools and utilizes a Kindergarten-Grade Three, Grades Four-Eight configuration and provides a full range of educational services. These include regular as well as special education for special needs students. The District completed the 2012-2013 fiscal year with an average daily enrollment of 913 students, which is 12 less than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	913	(.01%)
2011-2012	925	(.03%)
2010-2011	957	1.37%
2009-2010	944	(1.04%)
2008-2009	954	(3.73)
2007-2008	997	(3.39%)
2006-2007	1,032	(3.7%)
2005-2006	1,072	(1.4%)
2004-2005	1,087	(1.4%)
2003-2004	1,102	(0.64%)

3. ECONOMIC CONDITION AND OUTLOOK: The Borough of Allendale is managing within the confines of the region's downturn in the economy. While the County of Bergen, at \$79,272, ranks thirty-ninth in the country and has the sixth highest per capita personal income within the state, the northwestern section of the County, in which Allendale is located, continues to have one of the highest per capita personal incomes within the County.

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

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

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

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

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

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

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

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

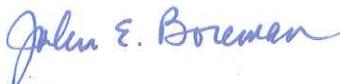
9. RISK MANAGEMENT: The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

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

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

Respectfully submitted,



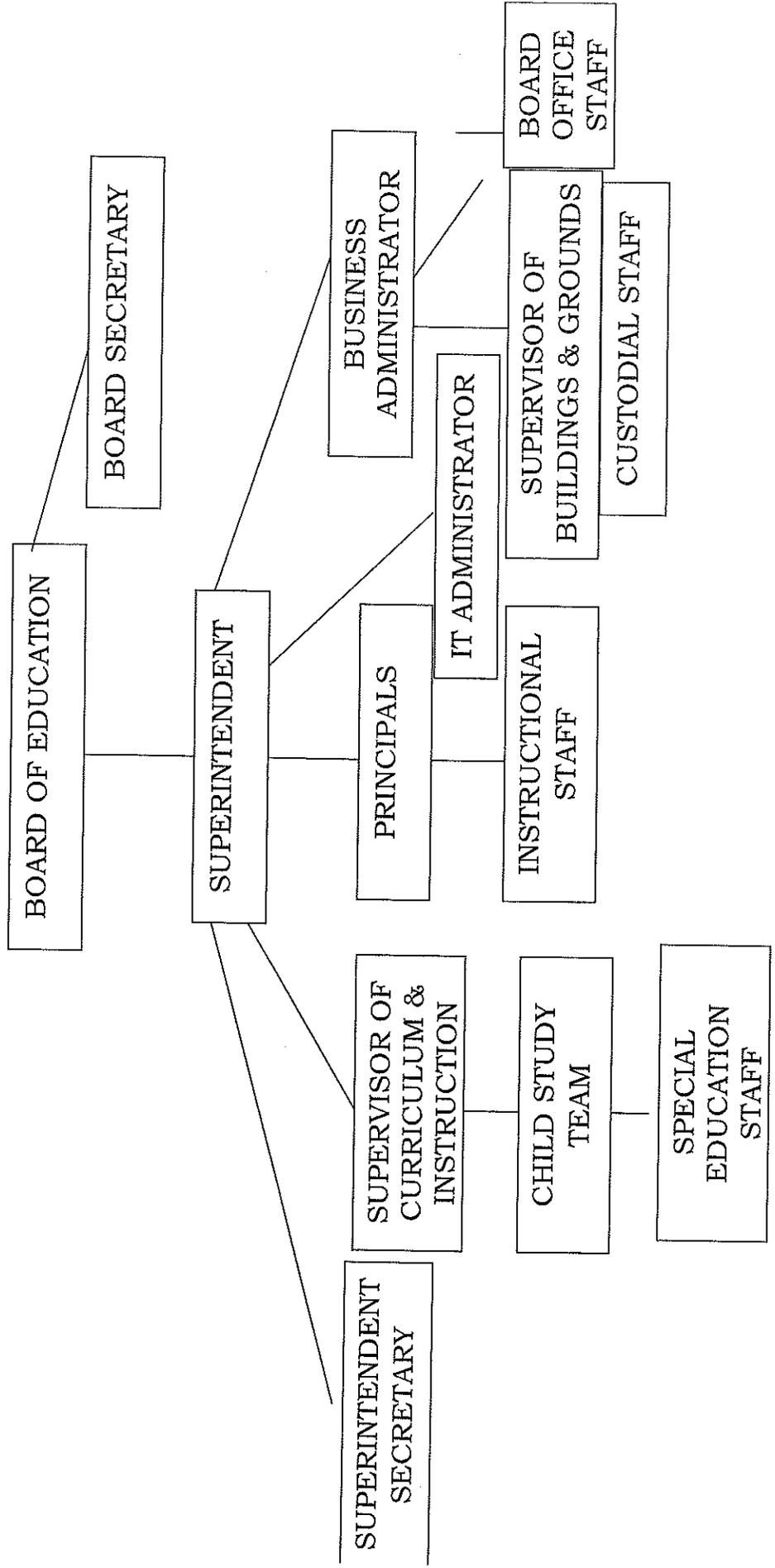
John E. Boreman
School Business Administrator



Michael Barcadepone, Ed. D.
Superintendent

BOROUGH OF ALLENDALE BOARD OF EDUCATION

Organization Chart (Unit Control)



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

ROSTER OF OFFICIALS

JUNE 30, 2013

Members of the Board of Education

Term Expires

Melissa Duncan, President	2013
Mark McAuliffe, Vice President	2015
Natalie Capano	2015
Todd Fliegel	2014
Gwendolen Keeble	2013

Other Officials

Michael Barcadepone, Ed.D., Superintendent
John Boreman, Business Administrator/Board Secretary
Maureen Alissa Mayer, Treasurer

BOROUGH OF ALLENDALE SCHOOL DISTRICT

Consultants & Advisors

June 30, 2013

District Auditor

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

Attorney

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

Official Depositories

Capital One Bank
Ramsey Square Sh. Ctr
1300 Rt. 17 North
Ramsey, New Jersey

NJ ARM
3625 Nottingham Way
Hamilton, New Jersey 08690

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting 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 inquiries 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.

Other Information

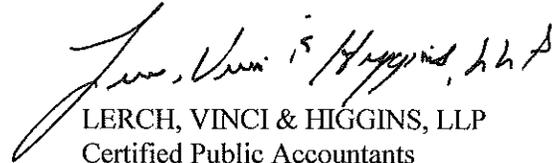
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allendale Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Allendale Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

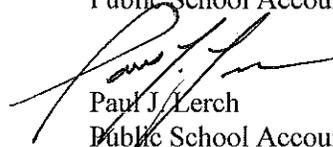
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2013 on our consideration of the Allendale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Allendale Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
December 4, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

This discussion and analysis of the Allendale School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2013. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2012/2013 year are as follows:

- **District-Wide Statements** - General revenues accounted for \$14,798,313 or 85 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,657,976 or 15 percent of total revenues of \$17,456,289.
- **District-Wide Statements** - The School District had \$14,963,605 in expenses; only \$2,657,976 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,798,313 were adequate to provide for these programs.
- **Fund Financials** - As of the close of the current fiscal year, the Allendale Board of Education's governmental funds reported combined ending fund balances of \$8,558,324 an increase of \$2,024,532 in comparison with the prior year.
- **Fund Financials** - At the end of June 30, 2013, unassigned fund balance (budgetary basis) for the General Fund was \$385,679 a decrease of \$236,200.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

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

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

District-wide Statements

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

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Fund Financial Statements (Continued)

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

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

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

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

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

Table A-1 provides a summary of the school district's net position for fiscal years 2012 and 2011. For 2013 and 2012 net position were \$13,567,310 and \$11,074,626, respectively.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

**Table A-1
Statement of Net Position
As of June 30, 2013 and 2012**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 8,610,179	\$ 6,896,933	\$ 101,256	\$ 93,744	\$ 8,711,435	\$ 6,990,677
Capital Assets	<u>11,508,279</u>	<u>11,793,809</u>	<u>56,120</u>	<u>60,099</u>	<u>11,564,399</u>	<u>11,853,908</u>
Total Assets	<u>20,118,458</u>	<u>18,690,742</u>	<u>157,376</u>	<u>153,843</u>	<u>20,275,834</u>	<u>18,844,585</u>
Deferred Outflows of Resources	<u>93,733</u>	<u>135,836</u>	<u>-</u>	<u>-</u>	<u>93,733</u>	<u>135,836</u>
Total Assets and Deferred Outflows of Resources	<u>20,212,191</u>	<u>18,826,578</u>	<u>157,376</u>	<u>153,843</u>	<u>20,369,567</u>	<u>18,980,421</u>
Current Liabilities	117,855	431,286	31,277	35,356	149,132	466,642
Noncurrent Liabilities	<u>6,652,819</u>	<u>7,438,850</u>	<u>-</u>	<u>-</u>	<u>6,652,819</u>	<u>7,438,850</u>
Total Liabilities	<u>6,770,674</u>	<u>7,870,136</u>	<u>31,277</u>	<u>35,356</u>	<u>6,801,951</u>	<u>7,905,492</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>306</u>	<u>303</u>	<u>306</u>	<u>303</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,770,674</u>	<u>7,870,136</u>	<u>31,583</u>	<u>35,659</u>	<u>6,802,257</u>	<u>7,905,795</u>
Net Position:						
Net Invested in Capital Assets	5,694,027	5,412,367	56,120	60,099	5,750,147	5,472,466
Restricted	4,651,906	3,960,019			4,651,906	3,960,019
Unrestricted	<u>3,095,584</u>	<u>1,584,056</u>	<u>69,673</u>	<u>58,085</u>	<u>3,165,257</u>	<u>1,642,141</u>
Total Net Position	<u>\$ 13,441,517</u>	<u>\$ 10,956,442</u>	<u>\$ 125,793</u>	<u>\$ 118,184</u>	<u>\$ 13,567,310</u>	<u>\$ 11,074,626</u>

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

Governmental activities. Governmental activities increased the District's net position by \$2,485,075. Key elements of this increase are as follows:

Table A-2 shows the changes in net position for fiscal years ended June 30, 2013 and 2012.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 82,898	\$ 75,859	\$ 258,921	\$ 267,082	\$ 341,819	\$ 342,941
Operating Grants and Contributions	2,287,444	2,213,355	28,713	24,815	2,316,157	2,238,170
General Revenues						
Property Taxes, Levied for:						
General Purposes	13,817,774	13,546,837			13,817,774	13,546,837
Debt Service	891,449	848,696			891,449	848,696
Interest	20,546	16,398	327	254	20,873	16,652
Miscellaneous	68,217	143,316	-	-	68,217	143,316
Total Revenues	<u>17,168,328</u>	<u>16,844,461</u>	<u>287,961</u>	<u>292,151</u>	<u>17,456,289</u>	<u>17,136,612</u>
Expenses						
Instruction						
Regular	6,374,529	6,248,750			6,374,529	6,248,750
Special Education	1,245,102	1,403,216			1,245,102	1,403,216
Other Instruction	643,361	441,775			643,361	441,775
School Sponsored Activities and Ath.	111,277	122,605			111,277	122,605
Support Services						
Student and Instruction Related Serv.	2,137,146	2,240,613			2,137,146	2,240,613
Health Services	201,189	191,806			201,189	191,806
Attendance and Social Work	45,151	40,558			45,151	40,558
Educational Media/School Library	204,261	200,517			204,261	200,517
General Administrative Services	521,372	578,080			521,372	578,080
School Administrative Services	816,826	794,064			816,826	794,064
Plant Operations and Maintenance	1,582,336	1,670,103			1,582,336	1,670,103
Pupil Transportation	123,385	91,546			123,385	91,546
Central Services	427,634	388,694			427,634	388,694
Interest on Long-Term Debt	249,684	273,249			249,684	273,249
Food Services			242,061	250,187	242,061	250,187
Summer Music - Non Major	-	-	38,291	25,388	38,291	25,388
Total Expenses	<u>14,683,253</u>	<u>14,685,576</u>	<u>280,352</u>	<u>275,575</u>	<u>14,963,605</u>	<u>14,961,151</u>
Change in Net Position	2,485,075	2,158,885	7,609	16,576	2,492,684	2,175,461
Net Position, Beginning of Year	10,956,442	8,797,557	118,184	101,608	11,074,626	8,899,165
Net Position, End of Year	<u>\$ 13,441,517</u>	<u>\$ 10,956,442</u>	<u>\$ 125,793</u>	<u>\$ 118,184</u>	<u>\$ 13,567,310</u>	<u>\$ 11,074,626</u>

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Governmental activities. The District's total governmental revenues were \$17,168,328. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$14,797,986 or 86% of total revenues. Funding from state and federal sources amounted to \$2,287,444 or 13%. Charges for services amounted to \$82,898 or 1% (see Table A-2).

The District's total governmental expenses were \$14,683,253 which are predominantly related to instruction and support services. Instruction totaled \$8,374,269 (57%), student support services totaled \$6,059,300 (41%) and interest on long-term debt total \$249,684 (2%) of total expenditures. (See Table A-2.)

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2013

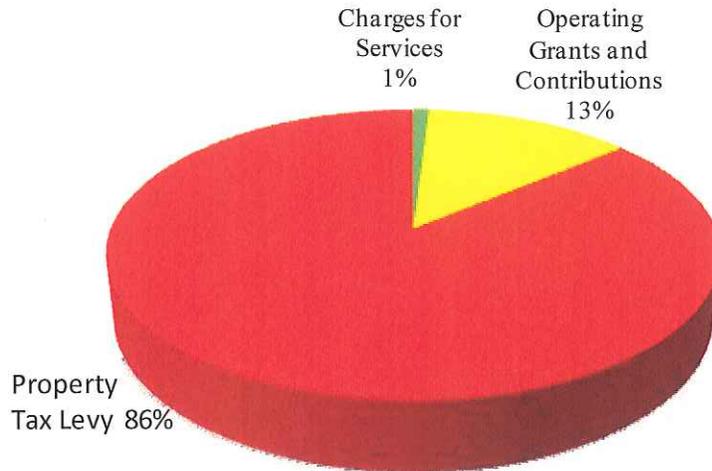
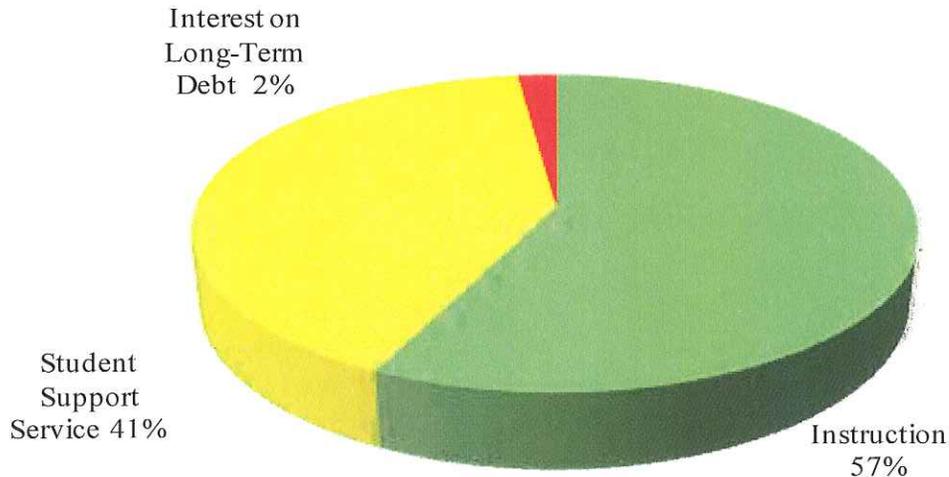


Table A-2 Expenditures by Type- Governmental Activities
For Fiscal Year 2013



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 6,374,529	\$ 6,248,750	\$ 5,680,615	\$ 5,681,987
Special Education	1,245,102	1,403,216	296,290	419,248
Other Instruction	643,361	441,775	576,509	404,905
School Sponsored Activities and Athletics	111,277	122,605	100,366	114,454
Support Services				
Student and Instruction Related Services	2,137,146	2,240,613	1,927,518	2,001,809
Health Services	201,189	191,806	181,679	176,345
Attendance and Social Work	45,151	40,558	40,424	37,107
Educational Media/School Library	204,261	200,517	184,794	185,860
General Administrative Services	521,372	578,080	485,612	551,308
School Administrative Services	816,826	794,064	734,476	728,932
Plant Operations and Maintenance	1,582,336	1,670,103	1,473,275	1,493,933
Pupil Transportation	123,385	91,546	119,511	91,546
Central Services	427,634	388,694	386,230	358,901
Interest on Long-Term Debt	249,684	273,249	125,612	150,027
 Total Governmental Activities	 <u>\$ 14,683,253</u>	 <u>\$ 14,685,576</u>	 <u>\$ 12,312,911</u>	 <u>\$ 12,396,362</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$280,352. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net assets of \$7,609.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$8,558,324. In 2011-2012 the fund balance was \$6,533,792.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$17,168,328 and expenditures were \$15,143,796.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2013 and 2012.

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 14,882,845	\$ 14,631,106	\$ 251,739	1.7%
State Sources	2,064,988	1,850,623	214,365	11.6%
Federal Sources	220,495	362,732	(142,237)	-39.2%
 Total Revenues	 <u>\$ 17,168,328</u>	 <u>\$ 16,844,461</u>	 <u>\$ 323,867</u>	 1.9%

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2012 and 2013.

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 7,917,863	\$ 7,948,195	\$ (30,332)	-0.4%
Undistributed	5,772,456	6,011,439	(238,983)	-4.0%
Capital Outlay	443,160	1,059,153	(615,993)	-58.2%
Debt Service	<u>1,010,317</u>	<u>1,047,710</u>	<u>(37,393)</u>	-3.6%
 Total Expenditures	 <u>\$ 15,143,796</u>	 <u>\$ 16,066,497</u>	 <u>\$ (922,701)</u>	 -5.7%

The significant fluctuation between June 30, 2012 and June 30, 2013 expenditures is attributable to the decrease in capital outlay expenditures and tuition cost reductions.

General and Special Revenue Fund

Budgetary Highlights

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

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

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Capital Assets. The Allendale Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to \$11,564,399 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements and machinery and equipment.

**Table A-4
Capital Assets (net of depreciation)
as of June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Building & Bldg. Improvements	\$ 17,327,758	\$ 16,924,812			\$ 17,327,758	\$ 16,924,812
Furniture, Equipment & Vehicles	<u>1,346,390</u>	<u>1,306,176</u>	\$ 125,608	\$ 122,743	<u>1,471,998</u>	<u>1,428,919</u>
Total	18,674,148	18,230,988	125,608	122,743	18,799,756	18,353,731
Less: Accumulated Depreciation	<u>7,165,869</u>	<u>6,437,179</u>	<u>69,488</u>	<u>62,644</u>	<u>7,235,357</u>	<u>6,499,823</u>
Total	<u>\$ 11,508,279</u>	<u>\$ 11,793,809</u>	<u>\$ 56,120</u>	<u>\$ 60,099</u>	<u>\$ 11,564,399</u>	<u>\$ 11,853,908</u>

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

Debt Administration. As of June 30, 2013 the school district had long-term debt and outstanding long-term liabilities in the amount of \$6,586,834 as stated in Table A-5.

Long-Term Liabilities

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Serial Bonds	\$ 6,416,000	\$ 7,185,000
Compensated Absences Payable	<u>170,834</u>	<u>156,274</u>
Total	<u>\$ 6,586,834</u>	<u>\$ 7,341,274</u>

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

FOR THE FUTURE

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

These factors were considered in preparing the Allendale Public School District's budgets for the 2013-2014 fiscal year.

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

REQUESTS FOR INFORMATION

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

John Boreman
School Business Administrator/Board Secretary
Allendale Board of Education
100 Brookside Avenue
Allendale, NJ 07404

BASIC FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,486,571	\$ 97,252	\$ 8,583,823
Receivables, Net	122,983	1,651	124,634
Inventory		2,353	2,353
Due From Other Funds	625		625
Capital Assets, Being Depreciated, Net	<u>11,508,279</u>	<u>56,120</u>	<u>11,564,399</u>
Total Assets	<u>20,118,458</u>	<u>157,376</u>	<u>20,275,834</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	<u>93,733</u>	<u>-</u>	<u>93,733</u>
Total Assets and Deferred Outflows of Resources	<u>20,212,191</u>	<u>157,376</u>	<u>20,369,567</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	36,430	8,612	45,042
Unearned Revenue	15,425	22,665	38,090
Accrued Interest Payable	66,000		66,000
Noncurrent Liabilities			
Due Within One Year	795,000		795,000
Due Beyond One Year	<u>5,857,819</u>	<u>-</u>	<u>5,857,819</u>
Total Liabilities	<u>6,770,674</u>	<u>31,277</u>	<u>6,801,951</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>306</u>	<u>306</u>
Total Liabilities and Deferred Inflow of Resources	<u>6,770,674</u>	<u>31,583</u>	<u>6,802,257</u>
NET POSITION			
Net Investment in Capital Assets	5,694,027	56,120	5,750,147
Restricted for			
Capital Projects	3,575,541		3,575,541
Debt Service	106,289		106,289
Facility Maintenance	970,076		970,076
Unrestricted	<u>3,095,584</u>	<u>69,673</u>	<u>3,165,257</u>
Total Net Position	<u>\$ 13,441,517</u>	<u>\$ 125,793</u>	<u>\$ 13,567,310</u>

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

ALLENDALE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,374,529	\$ 82,898	\$ 611,016		\$ (5,680,615)	\$	\$ (5,680,615)
Special Education	1,245,102		948,812		(296,290)		(296,290)
Other Instruction	643,361		66,852		(576,509)		(576,509)
School Sponsored Activities and Athletics	111,277		10,911		(100,366)		(100,366)
Support Services							
Student and Instruction Related Services	2,137,146		209,628		(1,927,518)		(1,927,518)
Health Services	201,189		19,510		(181,679)		(181,679)
Attendance and Social Workers	45,151		4,727		(40,424)		(40,424)
Educational Media	204,261		19,467		(184,794)		(184,794)
General Administrative Services	521,372		35,760		(485,612)		(485,612)
School Administrative Services	816,826		82,350		(734,476)		(734,476)
Plant Operations and Maintenance	1,582,336		109,061		(1,473,275)		(1,473,275)
Pupil Transportation	123,385		3,874		(119,511)		(119,511)
Central Services	427,634		41,404		(386,230)		(386,230)
Interest on Debt	249,684		124,072		(125,612)		(125,612)
Total Governmental Activities	<u>14,683,253</u>	<u>82,898</u>	<u>2,287,444</u>	<u>-</u>	<u>(12,312,911)</u>	<u>-</u>	<u>(12,312,911)</u>
Business-Type Activities							
Food Service	242,061	222,333	28,713	-	-	\$ 8,985	8,985
Summer Music - Non-Major	38,291	36,588	-	-	-	(1,703)	(1,703)
Total Business-Type Activities	<u>280,352</u>	<u>258,921</u>	<u>28,713</u>	<u>-</u>	<u>-</u>	<u>7,282</u>	<u>7,282</u>
Total Primary Government	<u>\$ 14,963,605</u>	<u>\$ 341,819</u>	<u>\$ 2,316,157</u>	<u>\$ -</u>	<u>(12,312,911)</u>	<u>7,282</u>	<u>(12,305,629)</u>
General Revenues							
Property Taxes, Levied for General Purposes					13,817,774		13,817,774
Taxes Levied for Debt Service					891,449		891,449
Interest Earned					20,546	327	20,873
Miscellaneous Income					68,217	-	68,217
Total General Revenues					<u>14,797,986</u>	<u>327</u>	<u>14,798,313</u>
Change in Net Position					<u>2,485,075</u>	<u>7,609</u>	<u>2,492,684</u>
Net Position, Beginning of Year (Restated)					<u>10,956,442</u>	<u>118,184</u>	<u>11,074,626</u>
Net Position, End of Year					<u>\$ 13,441,517</u>	<u>\$ 125,793</u>	<u>\$ 13,567,310</u>

FUND FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 8,369,565		\$ 110,951	\$ 6,055	\$ 8,486,571
Due from Other Funds	77,004	\$ 1,351		100,234	178,589
Receivables from Other Governments	35,353	87,630	-	-	122,983
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 8,481,922	\$ 88,981	\$ 110,951	\$ 106,289	\$ 8,788,143
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 3,837	\$ 7,894			\$ 11,731
Accrued Salaries and Wages	24,699				24,699
Due to Other Funds	1,351	65,662	\$ 110,951		177,964
Unearned Revenue	-	15,425	-	-	15,425
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	29,887	88,981	110,951	-	229,819
Fund Balance					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	986,020				986,020
Excess Surplus	1,065,123				1,065,123
Maintenance Reserve	836,836				836,836
Maintenance Reserve - Designated for Subsequent Year's Expenditures	133,240				133,240
Capital Reserve	3,338,483				3,338,483
Capital Reserve - Designated for Subsequent Year's Expenditures	237,058				237,058
Emergency Reserve	130,000				130,000
Debt Service				\$ 106,289	106,289
Committed:					
Year-end Encumbrances	617,665				617,665
Assigned:					
Year-end Encumbrances	197,337				197,337
Designated for Subsequent Year's Expenditures	675,807				675,807
Unassigned	234,466	-	-	-	234,466
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	8,452,035	-	-	106,289	8,558,324
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 8,481,922	\$ 88,981	\$ 110,951	\$ 106,289	

Amounts reported for governmental activities in the statement of net position (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 \$18,674,148 and the accumulated depreciation is \$7,165,869.	11,508,279
The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is:	(66,000)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.	93,733
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:	
General Obligation Bonds Payable (Net)	\$ 6,481,985
Compensated Absences Payable	170,834
	<hr/>
	(6,652,819)
Net position of governmental activities (Exhibit A-1)	\$ 13,441,517

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

**ALLENDALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 13,817,774			\$ 891,449	\$ 14,709,223
Tuition Charges	82,898				82,898
Interest Earned	20,484		\$ 62		20,546
Miscellaneous	68,217	\$ 1,961	-	-	70,178
Total - Local Sources	<u>13,989,373</u>	<u>1,961</u>	<u>62</u>	<u>891,449</u>	<u>14,882,845</u>
State Sources	1,940,916			124,072	2,064,988
Federal Sources	-	220,495	-	-	220,495
Total Revenues	<u>15,930,289</u>	<u>222,456</u>	<u>62</u>	<u>1,015,521</u>	<u>17,168,328</u>
EXPENDITURES					
Instruction					
Regular	6,016,247				6,016,247
Special Education	991,104	201,471			1,192,575
Other Instruction	604,161				604,161
School Sponsored Activities and Athletics	104,880				104,880
Support Services					
Student and Instruction Related Services	2,005,545	20,985			2,026,530
Health Services	189,919				189,919
Attendance and Social Work	42,209				42,209
Educational Media/School Library	192,846				192,846
General Administrative Services	500,403				500,403
School Administrative Services	768,538				768,538
Plant Operations and Maintenance	1,525,271				1,525,271
Pupil Transportation	123,385				123,385
Central Services	403,355				403,355
Debt Service					
Principal				769,000	769,000
Interest and Other Charges				241,317	241,317
Capital Outlay	443,160	-	-	-	443,160
Total Expenditures	<u>13,911,023</u>	<u>222,456</u>	<u>-</u>	<u>1,010,317</u>	<u>15,143,796</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,019,266</u>	<u>-</u>	<u>62</u>	<u>5,204</u>	<u>2,024,532</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	10,717			100,234	110,951
Transfers Out	-	-	(110,951)	-	(110,951)
Total Other Financing Sources and Uses	<u>10,717</u>	<u>-</u>	<u>(110,951)</u>	<u>100,234</u>	<u>-</u>
Net Change in Fund Balances	2,029,983	-	(110,889)	105,438	2,024,532
Fund Balance, Beginning of Year	6,422,052	-	110,889	851	6,533,792
Fund Balance, End of Year	<u>\$ 8,452,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,289</u>	<u>\$ 8,558,324</u>

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

**ALLENDALE BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 2,024,532

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

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

Capital Outlay	\$ 443,160	
Depreciation Expense	<u>(728,690)</u>	(285,530)

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

Compensated Absences		(14,560)
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

769,000

Governmental funds report the effect of premiums and there such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	31,591	
Amortization of Deferred Amounts on Refunding	<u>(42,103)</u>	(10,512)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>2,145</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 2,485,075**

**ALLENDALE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 71,797	\$ 25,455	\$ 97,252
Intergovernmental Receivable			
State	132		132
Federal	1,519		1,519
Inventories	<u>2,353</u>	<u>-</u>	<u>2,353</u>
Total Current Assets	<u>75,801</u>	<u>25,455</u>	<u>101,256</u>
Capital Assets			
Furniture, Machinery & Equipment	125,608		125,608
Less: Accumulated Depreciation	<u>(69,488)</u>	<u>-</u>	<u>(69,488)</u>
Total Capital Assets, Net	<u>56,120</u>	<u>-</u>	<u>56,120</u>
Total Assets	<u>131,921</u>	<u>25,455</u>	<u>157,376</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	8,612		8,612
Unearned Revenue	<u>-</u>	<u>22,665</u>	<u>22,665</u>
Total Current Liabilities	<u>8,612</u>	<u>22,665</u>	<u>31,277</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>306</u>	<u>-</u>	<u>306</u>
Total Current Liabilities and Deferred Inflow of Resources	<u>8,918</u>	<u>22,665</u>	<u>31,583</u>
NET POSITION			
Net Investment in Capital Assets	56,120		56,120
Unrestricted	<u>66,883</u>	<u>2,790</u>	<u>69,673</u>
Total Net Position	<u>\$ 123,003</u>	<u>\$ 2,790</u>	<u>\$ 125,793</u>

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

**ALLENDALE BOARD OF EDUCATION
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Program Fees		\$ 36,588	\$ 36,588
Daily Sales - Reimbursable Programs	\$ 221,516		221,516
Special Functions	817	-	817
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	222,333	36,588	258,921
OPERATING EXPENSES			
Cost of Sales	102,827		102,827
Salaries	64,100	35,093	99,193
Employee Benefits	26,479	2,685	29,164
Purchased Services	18,545		18,545
General Supplies	21,698	513	22,211
Miscellaneous	1,568		1,568
Depreciation	6,844	-	6,844
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	242,061	38,291	280,352
Operating Income/(Loss)	<hr/> (19,728)	<hr/> (1,703)	<hr/> (21,431)
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,449		1,449
Federal Sources			
National School Lunch Program	25,326		25,326
Special Milk Program	1,938		1,938
Interest and Investment Revenue	327	-	327
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	29,040	-	29,040
Change in Net Position	9,312	(1,703)	7,609
Net Position, Beginning of Year	<hr/> 113,691	<hr/> 4,493	<hr/> 118,184
Net Position, End of Year	<hr/> \$ 123,003	<hr/> \$ 2,790	<hr/> \$ 125,793

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

**ALLENDALE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business - Type Activities - Enterprise Fund Major Program Food Service	Business - Type Activities - Enterprise Fund Non-Major Program Summer Music	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 222,336	\$ 26,863	\$ 249,199
Cash Payments for Employees' Salaries and Benefits	(90,579)	(37,778)	(128,357)
Cash Payments to Suppliers for Goods and Services	(128,186)	(513)	(128,699)
	<u>3,571</u>	<u>(11,428)</u>	<u>(7,857)</u>
Net Cash Provided (Used for) by Operating Activities			
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	16,958		16,958
Cash Paid to Other Funds	-	(1,836)	(1,836)
	<u>16,958</u>	<u>(1,836)</u>	<u>15,122</u>
Net Cash Provided by Noncapital Financing Activities			
Cash Flows from Capital Financing Activities			
Purchase of Capital Assets	(2,865)	-	(2,865)
	<u>(2,865)</u>	<u>-</u>	<u>(2,865)</u>
Net Cash Provided by (Used For) Noncapital Financing Activities			
Cash Flows from Investing Activities			
Interest on Investments	327	-	327
	<u>327</u>	<u>-</u>	<u>327</u>
Net Cash Provided by Investing Activities			
Net Increase in Cash and Cash Equivalents	17,991	(13,264)	4,727
Cash and Cash Equivalents, Beginning of Year	53,806	38,719	92,525
Cash and Cash Equivalents, End of Year	<u>\$ 71,797</u>	<u>\$ 25,455</u>	<u>\$ 97,252</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Income (Loss)	\$ (19,728)	\$ (1,703)	\$ (21,431)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation	6,844		6,844
USDA Commodities - Non-Cash Assistance	11,228		11,228
Changes in Assets and Liabilities (Increase)/Decrease in Inventory	(422)		(422)
Increase/(Decrease) in Accounts Payable	5,646		5,646
Increase/(Decrease) in Unearned Revenue	3	(9,725)	(9,722)
	<u>23,299</u>	<u>(9,725)</u>	<u>13,574</u>
Total Adjustments			
Net Cash Used by Operating Activities	<u>\$ 3,571</u>	<u>\$ (11,428)</u>	<u>\$ (7,857)</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	\$ 11,534		

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

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 197,610	\$ 602	\$ 53,481
Total Assets	<u>197,610</u>	<u>602</u>	<u>\$ 53,481</u>
LIABILITIES			
Due to Other Funds			\$ 625
Due to Student Groups			14,026
Due to State of New Jersey	13,231		27,473
Accrued Salaries and Wages			222
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>11,135</u>
Total Liabilities	<u>13,231</u>	<u>-</u>	<u>\$ 53,481</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 184,379</u>	<u>\$ 602</u>	

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

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Plan Member	\$ 8,412	-
	<hr/>	<hr/>
Total Contributions	8,412	-
	<hr/>	<hr/>
Investment Earnings		
Interest	1,021	-
	<hr/>	<hr/>
Net Investment Earnings	1,021	-
	<hr/>	<hr/>
Total Additions	9,433	-
	<hr/>	<hr/>
DEDUCTIONS		
Quarterly Contribution Reports	39,278	
Scholarships Awarded	-	\$ 86
	<hr/>	<hr/>
Total Deductions	39,278	86
	<hr/>	<hr/>
Change in Net Position	(29,845)	(86)
Net Position, Beginning of Year	214,224	688
	<hr/>	<hr/>
Net Position, End of Year	\$ 184,379	\$ 602
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Allendale Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and food service enterprise fund to be major funds.

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

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

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

ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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

The *summer music program* accounts for the activities of the District's summer music program which provides a music program to the students of Allendale Public Schools.

Additionally, the government reports the following fund types:

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

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue/deferred inflows of resources.

ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one type of item, deferred commodities revenue, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Compensated Absences

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

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

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

Capital Reserve – Designated for Subsequent Year's Expenditures – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 and represents the June 30, 2013 capital reserve balance that was appropriated in the 2013/2014 District budget certified for taxes. (See Note 3B)

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

Maintenance Reserve – Designated for Subsequent Year's Expenditures - This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education and represents the June 30, 2013 maintenance reserve balance that was appropriated in the 2013/2014 District budget certified for taxes.

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Committed Fund Balance (Continued)

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee’s for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On November 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$357,339. The increase was funded by additional surplus appropriated, grant award and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Tuition to Other LEA's within the State Special	\$80,268	\$ 82,584	\$(2,316)

The above variance was offset with other available resources.

C. Capital Reserve

A capital reserve account was established by the District on June 28, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Beginning Balance, July 1, 2012		\$ 2,919,364
Increases		
Interest Earnings	\$ 755	
Deposits Approved by Board Resolution	950,000	
Transfer from Capital Projects	<u>10,717</u>	
		<u>961,472</u>
		3,880,836
Withdrawals		
Approved in District Budget	<u>(305,295)</u>	
		<u>(305,295)</u>
Ending Balance, June 30, 2013		<u>\$ 3,575,541</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is 3,623,847. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

D. Transfers to Capital Outlay

During the 2012/2013 school year, the district transferred \$305,295 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$2,051,143. Of this amount, \$986,020 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$1,065,123 will be appropriated in the 2014/2015 original budget certified for taxes.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$4,804,961 and bank and brokerage firm balances of the Board's deposits amounted to \$9,252,457. The Board's deposits which are displayed on the various fund balance sheets and statement of net position as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>5,221,902</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 Board does not have a policy for custodial credit risk. As of June 30, 2013 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

As of June 30, 2013, the Board had the following investments which are considered cash and cash equivalents:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	
New Jersey ARM (Cash Equivalent)	\$ <u>4,030,555</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2013, \$4,030,555 of the Board's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	<u>\$ 4,030,555</u>

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

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

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

The fair value of the above-listed investment was based on quoted market prices.

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

B. Receivables

Receivables as of June 30, 2013 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 35,353	\$ 87,630	1,651	124,634
Gross Receivables	35,353	87,630	1,651	124,634
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 35,353</u>	<u>\$ 87,630</u>	<u>\$ 1,651</u>	<u>\$ 124,634</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue	
Unencumbered Grant Draw Downs	<u>\$15,425</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings and Improvements	\$ 16,924,812	\$ 402,946		\$ 17,327,758
Machinery and Equipment	<u>1,306,176</u>	<u>40,214</u>	<u>-</u>	<u>1,346,390</u>
Total capital assets being depreciated	<u>18,230,988</u>	<u>443,160</u>	<u>-</u>	<u>18,674,148</u>
Less accumulated depreciation for:				
Buildings and Improvements	(5,637,866)	(613,503)		(6,251,369)
Furniture, Equipment and Vehicles	<u>(799,314)</u>	<u>(115,186)</u>	<u>-</u>	<u>(914,500)</u>
Total accumulated depreciation	<u>(6,437,180)</u>	<u>(728,689)</u>	<u>-</u>	<u>(7,165,869)</u>
Total capital assets, being depreciated, net	<u>11,793,808</u>	<u>(285,529)</u>	<u>-</u>	<u>11,508,279</u>
Government activities capital assets, net	<u>\$ 11,793,808</u>	<u>\$ (285,529)</u>	<u>\$ -</u>	<u>\$ 11,508,279</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 122,743	\$ 2,865	-	\$ 125,608
Total capital assets being depreciated	<u>122,743</u>	<u>2,865</u>	<u>-</u>	<u>125,608</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(62,644)</u>	<u>(6,844)</u>	<u>-</u>	<u>(69,488)</u>
Total accumulated depreciation	<u>(62,644)</u>	<u>(6,844)</u>	<u>-</u>	<u>(69,488)</u>
Total capital assets, being depreciated, net	<u>60,099</u>	<u>(3,979)</u>	<u>-</u>	<u>56,120</u>
Business-type activities capital assets, net	<u>\$ 60,099</u>	<u>\$ (3,979)</u>	<u>\$ -</u>	<u>\$ 56,120</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction	
Regular	\$ 351,264
Special	51,498
Other Instruction	38,432
School-Sponsored/Other Instructional	<u>6,272</u>
Total Instruction	<u>447,466</u>
Support Services	
Student and Instruction Related Services	108,449
Health Services	11,216
Attendance and Social Work	2,718
Education Media/School Library	11,191
General Administration	20,558
School Administration	47,342
Operations and Maintenance of Plant	55,947
Central Services	<u>23,802</u>
Total Support Services	<u>281,223</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 728,689</u>
Business-type activities:	
Food Service Fund	<u>\$ 6,844</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency	\$ 625
General Fund	Special Revenue	65,662
Special Revenue	General Fund	1,351
General Fund	Capital Projects	10,717
Debt Service Fund	Capital Projects	<u>100,234</u>
 Total		 <u>\$ 178,589</u>

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

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>General</u>		<u>Total</u>
<u>Transfer Out:</u>	<u>Fund</u>	<u>Debt Service</u>	
Capital Projects Fund	<u>\$ 10,717</u>	<u>\$ 100,234</u>	<u>110,951</u>
	<u>\$ 10,717</u>	<u>\$ 100,234</u>	<u>\$ 110,951</u>

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

F. Leases

Operating Leases

The District leases computers, copiers and related equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$32,208. The future minimum lease payments for these operating leases are as follows:

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	32,208
2015	31,572
2016	30,300
2017	<u>15,150</u>
Total	<u>\$ 109,230</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2013 are comprised of the following issues:

\$4,977,000, 2006 Bonds, due in annual installments of \$220,000 to \$362,000 through March 15, 2026, interest at 3.75% to 4.00%	\$3,707,000
\$2,690,000, 2010 Refunding Bonds, due in annual installments of \$515,000 to \$550,000 through September 15, 2017, interest at 2.00% to 4.00%	2,135,000
\$586,000, 2012 Bonds, due in annual installments of \$60,000 to \$70,000 through March 15, 2022, interest at .43% to 3.109%	<u>574,000</u>
	<u>\$6,416,000</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2014	\$ 795,000	\$ 219,909	\$ 1,014,909
2015	821,000	195,337	1,016,337
2016	851,000	169,713	1,020,713
2017	852,000	140,608	992,608
2018	323,000	119,106	442,106
2019-2023	1,737,000	408,472	2,145,472
2024-2026	<u>1,037,000</u>	<u>84,240</u>	<u>1,121,240</u>
	<u>\$ 6,416,000</u>	<u>\$ 1,337,385</u>	<u>\$ 7,753,385</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 51,210,955
Less: Net Debt	<u>6,416,000</u>
Remaining Borrowing Power	<u>\$ 44,794,955</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Due Within One Year
Governmental activities:					
Serial Bonds	\$ 7,185,000		\$ 769,000	\$ 6,416,000	\$ 795,000
Deferred Amounts					
Add: Original issue Premium	<u>97,576</u>	<u>-</u>	<u>31,591</u>	<u>65,985</u>	<u>-</u>
Total Bonds Payable	7,282,576	-	800,591	6,481,985	795,000
Compensated Absences Payable	<u>156,274</u>	<u>\$ 14,560</u>	<u>-</u>	<u>170,834</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 7,438,850</u>	<u>\$ 14,560</u>	<u>\$ 800,591</u>	<u>\$ 6,652,819</u>	<u>\$ 795,000</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013		\$ 8,412	\$ 39,278	\$ 184,379
2012		11,816	41,873	214,224
2011	\$ 46,766	22,907	83,339	243,294

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

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

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

Basis of Accounting

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

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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

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

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 147,028	\$ 377,073	\$ 2,795
2012	136,525	183,396	3,014
2011	156,994	18,269	3,049

The State contributed \$377,073 and \$183,396 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$18,269 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$464,091 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

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

Significant Legislation

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

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

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$426,374, \$368,673 and \$388,036, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2012, the Allendale Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Allendale Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$97,214 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$11,053,656 as originally reported to \$10,956,442 as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 13,817,774		\$ 13,817,774	\$ 13,817,774	
Tuition	35,000		35,000	82,898	\$ 47,898
Interest Earned	31,950		31,950	20,484	(11,466)
Miscellaneous	16,450	-	16,450	68,217	51,767
Total Local Sources	13,901,174	-	13,901,174	13,989,373	88,199
State Sources					
Special Education Aid	302,005		302,005	302,005	
Transportation Aid	4,111		4,111	4,111	
Security Aid	12,462		12,462	12,462	
Extraordinary Aid				132,809	132,809
On-behalf TPAF Pension Payments (Non-Budget)					
Pension Contribution				358,225	358,225
NCGI Premium				18,848	18,848
On-behalf TPAF Payments -					
Post Retirement Medical Benefits				426,374	426,374
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	464,091	464,091
Total State Sources	318,578	-	318,578	1,718,925	1,400,347
Total Revenues	14,219,752	-	14,219,752	15,708,298	1,488,546
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	176,813	\$ 4,998	181,811	180,851	960
Grades 1-5	2,140,645	14,465	2,155,110	2,080,154	74,956
Grades 6-8	1,855,992	(193,593)	1,662,399	1,602,624	59,775
Regular Programs - Home Instruction					
Salaries of Teachers	7,500	-	7,500	1,700	5,800
Purchased Professional-Educational Services	3,500	-	3,500		3,500
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	15,000	-	15,000		15,000
Purchased Technical Services	94,225	18,155	112,380	71,104	41,276
Other Purchased Services	131,400	14,845	146,245	117,743	28,502
General Supplies	367,870	33,961	401,831	344,346	57,485
Textbooks		913	913	913	-
Other Objects	625	-	625	246	379
Total Regular Programs	4,793,570	(106,256)	4,687,314	4,399,681	287,633
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	393,909	50,392	444,301	439,301	5,000
Other Salaries for Instruction	17,920	(15,547)	2,373		2,373
General Supplies	2,500	1,478	3,978	1,473	2,505
Textbooks	200	-	200	-	200
Total Resource Room/Resource Center	414,529	36,323	450,852	440,774	10,078

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 135,388		\$ 135,388	\$ 105,812	\$ 29,576
Other Salaries for Instruction	37,189	\$ (21)	37,168	21,571	15,597
General Supplies	900	35	935	934	1
Total Preschool Disabilities - Part-Time	173,477	14	173,491	128,317	45,174
Total Special Education	588,006	36,337	624,343	569,091	55,252
Basic Skills/Remedial					
Salaries of Teachers	323,105	64,395	387,500	387,500	-
General Supplies	7,836	336	8,172	4,267	3,905
Total Basic Skills/Remedial	330,941	64,731	395,672	391,767	3,905
Bilingual Education					
Salaries of Teachers	32,352	3,056	35,408	35,408	-
General Supplies	500	-	500	116	384
Total Bilingual Education	32,852	3,056	35,908	35,524	384
School Sponsored Co/Extra Cocurricular Activities					
Salaries	32,288	-	32,288	28,553	3,735
Supplies and Materials	4,500	-	4,500	1,288	3,212
Total School Sponsored Co/Extra Cocurricular Activities	36,788	-	36,788	29,841	6,947
School Sponsored Athletics					
Salaries	45,100	-	45,100	40,468	4,632
Purchased Services	31,374	-	31,374	5,339	26,035
Supplies and Materials	8,000	-	8,000	837	7,163
Total School Sponsored Athletics	84,474	-	84,474	46,644	37,830
Total Instruction	5,866,631	(2,132)	5,864,499	5,472,548	391,951
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	39,950	(9,000)	30,950	7,013	23,937
Tuition to CSSD & Regional Day Schools	55,240	25,028	80,268	82,584	(2,316)
Tuition to Priv. Sch. for the Disabled Within the State	103,423	(25,028)	78,395	62,808	15,587
Tuition to Priv. Sch. for the Disabled Outside of State	71,460	-	71,460	36,478	34,982
Total Undistributed Expenditures - Instruction	270,073	(9,000)	261,073	188,883	72,190
Attendance & Social Work					
Salaries	29,478	542	30,020	29,906	114
Total Attendance & Social Work	29,478	542	30,020	29,906	114

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 121,417	\$ 3,484	\$ 124,901	\$ 123,420	\$ 1,481
Purchased Professional and Technical Svces.	7,000	-	7,000	6,590	410
Other Purchased Services	420	405	825	816	9
Supplies and Materials	6,510	6,944	13,454	8,319	5,135
Other Objects	93	-	93	-	93
Total Health Services	135,440	10,833	146,273	139,145	7,128
Speech, OT,PT & Related Services					
Salaries	218,384	8,704	227,088	223,887	3,201
Purchased Professional Educational Services	16,690	-	16,690	16,690	-
Supplies and Materials	2,000	-	2,000	912	1,088
Total Speech, OT, PT & Related Services	237,074	8,704	245,778	241,489	4,289
Other Support Serv. Students - Extra Serv.					
Salaries	499,655	(52,681)	446,974	258,378	188,596
Purchased Professional Educational Services	20,190	1,271	21,461	16,961	4,500
Supplies and Materials	2,000	(432)	1,568	110	1,458
Total Other Support Serv. Students - Extra Serv.	521,845	(51,842)	470,003	275,449	194,554
Guidance					
Salaries of Other Professional Staff	166,833	6,748	173,581	173,581	-
Purchased Professional-Educational Services	1,000	(909)	91	91	-
Other Purchased Prof. and Tech. Services	2,500	1,755	4,255	4,255	-
Supplies and Materials	500	-	500	251	249
Total Guidance	170,833	7,594	178,427	178,178	249
Child Study Teams					
Salaries of Other Professional Staff	266,737	(3,300)	263,437	259,281	4,156
Salaries of Secretarial and Clerical Assistants	50,722	(8,536)	42,186	42,186	-
Purchased Professional - Educational Services	193,000	42,401	235,401	193,240	42,161
Other Purchased Services	4,250	-	4,250	1,917	2,333
Supplies and Materials	4,000	1,978	5,978	5,084	894
Other Objects	1,300	(11)	1,289	1,289	-
Total Child Study Teams	520,009	32,532	552,541	502,997	49,544
Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	111,288	5,610	116,898	116,898	-
Salaries of Other Professional Staff	15,900	1,500	17,400	16,125	1,275
Salaries of Secretary & Clerk Assistance	19,323	281	19,604	19,604	-
Salaries of Facilitators, Math & Literacy Coaches	84,714	-	84,714	83,435	1,279
Purchased Professional - Educational Services	50,000	-	50,000	42,173	7,827
Total Improvement of Inst. Serv.	281,225	7,391	288,616	278,235	10,381

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 120,945	\$ 2,251	\$ 123,196	\$ 123,147	\$ 49
Salaries of Technology Coordinators		25,000	25,000		25,000
Purchased Professional and Technical Services	3,500	-	3,500		3,500
Other Purchased Services	11,287	2,570	13,857	11,359	2,498
Supplies and Materials	10,195	(2,520)	7,675	7,658	17
Other Objects	900	(50)	850	20	830
Total Educational Media Serv./School Library	146,827	27,251	174,078	142,184	31,894
Instructional Staff Training Services					
Purchased Professional/Educational Services	35,350	3,280	38,630	28,808	9,822
Other Purchased Services	4,350	(230)	4,120	1,294	2,826
Supplies and Materials	-	2,500	2,500	-	2,500
Total Instructional Staff Training Services	39,700	5,550	45,250	30,102	15,148
Support Services General Administration					
Salaries	222,652	3,584	226,236	226,220	16
Legal Services	101,500	(3,000)	98,500	52,907	45,593
Audit Fees	47,000	20,600	67,600	23,290	44,310
Architectural/Engineering Services	40,000	11,525	51,525	37,425	14,100
Other Purchased Professional Services	35,755	(12,000)	23,755	3,497	20,258
Communications/Telephone	54,450	198	54,648	32,309	22,339
BOE Other Purchased Services	5,000	(2,100)	2,900	667	2,233
Miscellaneous Purchased Services	19,080	-	19,080	13,620	5,460
Supplies and Materials	4,000	-	4,000	1,715	2,285
Miscellaneous Expenditures	10,600	-	10,600	4,092	6,508
BOE Membership Dues and Fees	11,080	2,000	13,080	11,595	1,485
Total Support Services General Administration	551,117	20,807	571,924	407,337	164,587
Support Services School Administration					
Salaries of Principal/Asst. Principals	284,057	3,540	287,597	287,595	2
Salaries of Secretarial and Clerical Assistants	184,905	(2,110)	182,795	174,564	8,231
Purchased Professional and Technical Services	1,400	-	1,400		1,400
Other Purchased Services	11,000	-	11,000	828	10,172
Supplies and Materials	8,875	2,334	11,209	5,422	5,787
Other Objects	4,185	-	4,185	2,945	1,240
Total Support Services School Administration	494,422	3,764	498,186	471,354	26,832
Support Services Central Services					
Salaries	259,728	21,250	280,978	261,925	19,053
Miscellaneous Purchased services	54,000	(12,750)	41,250	22,139	19,111
Supplies and Materials	8,000	838	8,838	8,100	738
Other Objects	14,300	(4,338)	9,962	3,437	6,525
Total Support Services Central Services	336,028	5,000	341,028	295,601	45,427
Admin. Info. Technology					
Salaries	85,075	-	85,075	58,792	26,283
Supplies and Materials	6,200	-	6,200	299	5,901
Other Objects	2,200	-	2,200	484	1,716
Total Admin. Info Technology	93,475	-	93,475	59,575	33,900

**ALLEDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 474,297	\$ 31,317	\$ 505,614	\$ 499,791	\$ 5,823
Purchased Professional and Technical Services	15,500	1,445	16,945	5,645	11,300
Cleaning, Repair and Maintenance Services	111,500	(25,445)	86,055	45,989	40,066
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	23,500	(7,725)	15,775		15,775
Other Purchased Property Services	51,500	-	51,500	28,243	23,257
Insurance	66,368	-	66,368	63,081	3,287
Miscellaneous Purchased Services	4,000	1,220	5,220	5,220	-
General Supplies	52,800	(1,816)	50,984	43,346	7,638
Energy (Natural Gas)	305,000	(40,000)	265,000	27,507	237,493
Energy (Electricity)	295,000	(20,000)	275,000	144,099	130,901
Other Objects	1,500	-	1,500	260	1,240
Total Custodial Services	1,400,965	(61,004)	1,339,961	863,181	476,780
Required Maintenance for School Facilities					
Salaries	106,065	71,264	177,329	115,853	61,476
Cleaning, Repair and Maintenance Services	350,500	134,097	484,597	248,067	236,530
General Supplies	55,000	19,183	74,183	44,897	29,286
Total Required Maintenance for School Fac.	511,565	224,544	736,109	408,817	327,292
Student Transportation Services					
Contracted Services (Other Than Between Home and School) - Vendors	31,975	-	31,975	15,020	16,955
Contracted Services - (Spl. Ed. Students) - Vendors	5,000	(5,000)			-
Contracted Services - (Spl. Ed. Students) - Joint Agreements	108,431	14,913	123,344	108,365	14,979
Total Student Transportation Services	145,406	9,913	155,319	123,385	31,934
Unallocated Benefits - Employee Benefits					
Social Security Contributions	185,110		185,110	129,678	55,432
Other Retirement Contributions - PERS	159,750	-	159,750	147,028	12,722
Other Retirement Contributions - DCRP	4,500	500	5,000	2,795	2,205
Workmen's Compensation	87,224	3,949	91,173	67,399	23,774
Health Benefits	1,849,000	(48,000)	1,801,000	1,656,306	144,694
Tuition Reimbursement	62,500	-	62,500	37,430	25,070
Other Employee Benefits	36,000	6,878	42,878	28,030	14,848
Total Unallocated Benefits - Employee Benefits	2,384,084	(36,673)	2,347,411	2,068,666	278,745
On-behalf TPAF Pension Payments - Non-Budget					
Pension Contribution				358,225	(358,225)
NCGI Premium				18,848	(18,848)
Post Retirement Medical Benefits				426,374	(426,374)
On-behalf TPAF Social Security Payments				464,091	(464,091)
Total Undistributed Expenditures	8,269,566	205,906	8,475,472	7,972,022	503,450
Total Expenditures - Current Expenditures	14,136,197	203,774	14,339,971	13,444,570	895,401

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Undistributed Expenditures					
Instruction					
Equipment	\$ 95,750	\$ 8,290	\$ 104,040	\$ 32,920	\$ 71,120
Required Maintenance for School Facility - Equipment	8,500	5,854	14,354	5,854	8,500
Total Equipment	104,250	14,144	118,394	38,774	79,620
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services	15,000	47,800	62,800	49,036	13,764
Construction Services	1,236,793	44,877	1,281,670	355,274	926,396
Other Objects - Debt Service Assessment	23,293	76	23,369	23,369	-
Total Facilities Acquisition and Constr. Serv.	1,275,086	92,753	1,367,839	427,679	940,160
Increase in Maintenance Reserve	1,000	(1,000)	-	-	-
Increase in Capital Reserve	2,950	(2,950)	-	-	-
Total Capital Outlay	1,383,286	102,947	1,486,233	466,453	1,019,780
Total Expenditures	15,519,483	306,721	15,826,204	13,911,023	1,915,181
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,299,731)	(306,721)	(1,606,452)	1,797,275	3,403,727
Other Financing Sources (Uses)					
Transfer In-Capital Projects Fund to Capital Reserve	-	-	-	10,717	10,717
Total Other Financing Sources (Uses)	-	-	-	10,717	10,717
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(1,299,731)	(306,721)	(1,606,452)	1,807,992	3,414,444
Fund Balance, Beginning of Year	6,795,256	-	6,795,256	6,795,256	-
Fund Balance, End of Year	<u>\$ 5,495,525</u>	<u>\$ (306,721)</u>	<u>\$ 5,188,804</u>	<u>\$ 8,603,248</u>	<u>\$ 3,414,444</u>
Fund Balance					
Restricted :					
Excess Surplus - Designated for Subsequent Year's Expenditures			\$ 986,020		
Excess Surplus			1,065,123		
Maintenance Reserve			836,836		
Maintenance Reserve - Designated for Subsequent Year's Expenditures			133,240		
Capital Reserve			3,338,483		
Capital Reserve - Designated for Subsequent Year's Expenditures			237,058		
Emergency Reserve			130,000		
Committed					
Year-end Encumbrances			617,665		
Assigned					
Designated for Subsequent Year's Expenditures			675,807		
Year-end Encumbrances			197,337		
Unassigned			385,679		
				<u>\$ 8,603,248</u>	
				8,603,248	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Extraordinary Aid Payment Not Recognized on GAAP Basis			132,809		
State Aid Payment Not Recognized on GAAP Basis			18,404		
				<u>151,213</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 8,452,035</u>	

**ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 3,205	\$ 3,205	\$ 1,961	\$ (1,244)
Federal	\$ 191,984	47,413	239,397	220,495	(18,902)
Total Revenues	191,984	50,618	242,602	222,456	(20,146)
EXPENDITURES					
Instruction					
Tuition	155,398	14,719	170,117	170,117	
General Supplies	24,680	10,639	35,319	31,354	3,965
Total Instruction	180,078	25,358	205,436	201,471	3,965
Support Services					
Salaries		674	674	674	-
Other Purchased Professional Services	11,906	14,881	26,787	12,120	14,667
General Supplies	-	9,705	9,705	8,191	1,514
Total Support Services	11,906	25,260	37,166	20,985	16,181
Facilities Acquisition and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acq. and Construction	-	-	-	-	-
Total Expenditures	191,984	50,618	242,602	222,456	20,146
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**ALLENDALE BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1	\$ 15,708,298	C-2	\$ 222,456
Difference- Budget to GAAP				
State Aid payment and extraordinary aid (2011/2012) recognized for GAAP purposes, not recognized for budgetary statements.		373,204		
Difference - Budget to GAAP:				
State Aid Payment and Extraordinary aid (2012/2013) recognized for budgetary purposes, not recognized for GAAP statements		<u>(151,213)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.				
	B-2	<u>\$ 15,930,289</u>	B-2	<u>\$ 222,456</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$ 13,911,023	C-2	\$ 222,456
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds				
	B-2	<u>\$ 13,911,023</u>	B-2	<u>\$ 222,456</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	I.D.E.A. Part B				Total 2013
	Basic	Preschool	Title II	Title III	
REVENUES					
Intergovernmental					
Local					
Federal					
Total Revenues	\$ 170,117	\$ 7,711	\$ 11,940	\$ 30,727	\$ 1,961
					\$ 220,495
	\$ 170,117	\$ 7,711	\$ 11,940	\$ 30,727	\$ 222,456
EXPENDITURES					
Instruction					
Tuition	\$ 170,117				\$ 170,117
General Supplies	-	\$ 1,481	\$ 1,000	\$ 28,873	31,354
Total Instruction	170,117	1,481	1,000	28,873	201,471
Support Services					
Salaries				674	674
Other Purchased Professional Services			10,940	1,180	12,120
General Supplies		6,230	-	-	8,191
Total Support Services		6,230	10,940	1,854	20,985
Facilities Acquisition and Construction					
Instructional Equipment					
Total Facilities Acq. and Construction					
Total Expenditures	\$ 170,117	\$ 7,711	\$ 11,940	\$ 30,727	\$ 1,961
					\$ 222,456

ALLEDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

CAPITAL PROJECTS FUND

ALLENDALE BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		Unexpended Balance, <u>June 30, 2013</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Improvements to Schools	12/14/1999	\$ 9,841,000 *	\$ 9,775,912	\$ 65,088	\$ -
Improvements to Schools	1/15/2006	4,977,000 **	4,941,916	35,084	-
Crawl Space Asbestos Abatement	4/19/2011	173,825 ***	163,108	10,717	-
			<u>\$ 14,880,936</u>	<u>\$ 110,889</u>	<u>\$ -</u>

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

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

*** - Funding Sources: SDA Grant \$69,530, Local Share (Capital Reserve) \$104,295

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Revenues and Other Financing Sources

Interest	\$ <u>62</u>
Total Revenues	<u>62</u>

Expenditures and Other Financing Uses

Transfer Out to Debt Service	100,234
Transfer Out to General Fund Capital Reserve	<u>10,717</u>
Total Expenditures	<u>110,951</u>
Excess (Deficit) of Revenue Over (Under) Expenditures	(110,889)
Fund Balance, Beginning of Year	<u>110,889</u>
Fund Balance, End of Year	<u>\$ -</u>

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grants	\$ 2,621,899		\$ 2,621,899	\$ 2,621,899
Bond proceeds and transfers	6,420,000		6,420,000	6,420,000
Transfer from Debt Services Fund	<u>799,101</u>	<u>\$ (65,088)</u>	<u>734,013</u>	<u>734,013</u>
Total revenues	<u>9,841,000</u>	<u>(65,088)</u>	<u>9,775,912</u>	<u>9,775,912</u>
Expenditures and Other Financing Uses				
Construction Services	<u>9,775,912</u>		<u>9,775,912</u>	<u>9,775,912</u>
Total Expenditures	<u>9,775,912</u>	<u>-</u>	<u>9,775,912</u>	<u>9,775,912</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 65,088</u>	<u>\$ (65,088)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	G5-0001	G5-0002		
Grant Date	4/17/2002	4/17/2002		
Bond Authorization Date	12/14/99			
Bonds Authorized	\$ 9,841,000			
Bonds Issued	6,420,000			
Original Authorized Cost	9,841,000			
Additional Authorized Cost	(65,088)			
Revised Authorized Cost	9,775,912			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	99%			
Original target completion date	9/1/03			
Revised target completion date	N/A			

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 4,977,000	\$ (35,084)	\$ 4,941,916	\$ 4,941,916
Total revenues	<u>4,977,000</u>	<u>(35,084)</u>	<u>4,941,916</u>	<u>4,941,916</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	506,738		506,738	506,738
Construction Services	4,435,178		4,435,178	4,435,178
Total Expenditures	<u>4,941,916</u>	<u>-</u>	<u>4,941,916</u>	<u>4,941,916</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 35,084</u>	<u>\$ (35,084)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number				
Grant Date		N/A		
Bond Authorization Date		1/15/06		
Bonds Authorized	\$ 4,977,000			
Bonds Issued	4,977,000			
Original Authorized Cost	4,977,000			
Additional Authorized Cost	(35,084)			
Revised Authorized Cost	4,941,916			
Percentage Increase over Original Authorized Cost		N/A		
Percentage completion		99%		
Original target completion date		11/1/07		
Revised target completion date		NA		

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
CRAWLSPACE ASBESTOS ABATEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 69,530		\$ 69,530	\$ 69,530
Local Sources - Budget Transfer - Capital Reserve	104,295	\$ (10,717)	93,578	93,578
Total revenues	<u>173,825</u>	<u>(10,717)</u>	<u>163,108</u>	<u>163,108</u>
Expenditures and Other Financing Uses				
Purchased professional and Technical Services	25,366		25,366	25,366
Construction Services	137,742		137,742	137,742
Total Expenditures	<u>163,108</u>	<u>-</u>	<u>163,108</u>	<u>163,108</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 10,717</u>	<u>\$ (10,717)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	0040-010-00-1001			
Grant Date	7/23/2010			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	173,825			
Additional Authorized Cost	(10,717)			
Revised Authorized Cost	163,108			
Percentage Increase over Original Authorized Cost	100%			
Percentage completion	100%			
Original target completion date	June 2012			
Revised target completion date	NA			

ENTERPRISE FUND

EXHIBIT G-1

**ALLENDALE BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

NOT APPLICABLE

EXHIBIT G-2

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

FIDUCIARY FUNDS

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 14,026	\$ 39,455	\$ 53,481
Total Assets	<u>\$ 14,026</u>	<u>\$ 39,455</u>	<u>\$ 53,481</u>
LIABILITIES			
Due to Other Funds		\$ 625	\$ 625
Due to State of New Jersey		27,473	27,473
Payable to Student Groups	\$ 14,026		14,026
Accrued Salaries and Wages		222	222
Payroll Deductions and Withholdings	<u>-</u>	<u>11,135</u>	<u>11,135</u>
Total Liabilities	<u>\$ 14,026</u>	<u>\$ 39,455</u>	<u>\$ 53,481</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ALLENDALE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2013</u>
ELEMENTARY AND MIDDLE SCHOOLS				
Student Council	\$ 2,686	\$ 4,170	\$ 4,313	\$ 2,543
Brookside School	9,200	43,024	42,960	9,264
Hillside School	<u>1,599</u>	<u>14,639</u>	<u>14,019</u>	<u>2,219</u>
 Total All Schools	 <u>\$ 13,485</u>	 <u>\$ 61,833</u>	 <u>\$ 61,292</u>	 <u>\$ 14,026</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2013</u>
Payroll Deductions and Withholdings	\$ 10,047	\$ 3,839,910	\$ 3,838,822	\$ 11,135
Accrued Salaries and Wages	222	5,318,358	5,318,358	222
Flexible Spending		23,718	23,718	-
Due to State		27,473		27,473
Due to Other Funds	<u>931</u>	<u>687</u>	<u>993</u>	<u>625</u>
 Total	 <u>\$ 11,200</u>	 <u>\$ 9,210,146</u>	 <u>\$ 9,181,891</u>	 <u>\$ 39,455</u>

LONG-TERM DEBT

**ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 891,449		\$ 891,449	\$ 891,449	
State Sources	<u>124,072</u>	-	<u>124,072</u>	<u>124,072</u>	-
 Total Revenues	 <u>1,015,521</u>	 -	 <u>1,015,521</u>	 <u>1,015,521</u>	 -
EXPENDITURES					
Regular Debt Service					
Interest	259,301	\$ (12,000)	247,301	241,317	\$ 5,984
Principal	<u>757,000</u>	<u>12,000</u>	<u>769,000</u>	<u>769,000</u>	-
 Total Expenditures	 <u>1,016,301</u>	 -	 <u>1,016,301</u>	 <u>1,010,317</u>	 <u>5,984</u>
 Other Finance Sources					
Transfers In	-	-	-	100,234	100,234
 Total Other Financing Sources	 -	 -	 -	 <u>100,234</u>	 <u>100,234</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (780)	 -	 (780)	 105,438	 106,218
 Fund Balance, Beginning of Year	 <u>851</u>	 -	 <u>851</u>	 <u>851</u>	 -
 Fund Balance, End of Year	 <u>\$ 71</u>	 <u>\$ -</u>	 <u>\$ 71</u>	 <u>\$ 106,289</u>	 <u>\$ 106,218</u>
				\$ 71	
				<u>106,218</u>	
				<u>\$ 106,289</u>	

ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities				(Restated)						
Net investment in capital assets	\$ 1,531,971	\$ 2,596,266	\$ 2,926,450	\$ 2,423,874	\$ 2,782,336	\$ 3,404,197	\$ 3,876,300	\$ 4,271,315	\$ 5,412,367	\$ 5,694,027
Restricted	862,419	463,269	449,237	405,603	974,467	1,503,639	3,101,631	3,580,419	3,960,019	4,651,906
Unrestricted	283,281	(474,628)	(42,554)	1,115,927	1,129,614	549,700	309,805	1,043,037	1,681,270	3,095,584
Total governmental activities net position	\$ 2,677,671	\$ 2,584,907	\$ 3,333,153	\$ 3,945,404	\$ 4,886,417	\$ 5,457,536	\$ 7,287,736	\$ 8,894,771	\$ 11,053,656	\$ 13,441,517
Business-type activities										
Net investment in capital assets	\$ 64,012	\$ 58,719	\$ 53,426	\$ 14,020	\$ 12,918	\$ 18,106	\$ 27,049	\$ 61,560	\$ 60,099	\$ 56,120
Unrestricted	32,292	42,275	56,175	72,570	71,931	94,185	64,779	40,048	58,085	69,673
Total business-type activities net position	\$ 96,304	\$ 100,994	\$ 109,601	\$ 86,590	\$ 84,849	\$ 112,291	\$ 91,828	\$ 101,608	\$ 118,184	\$ 125,793
District-wide										
Net investment in capital assets	\$ 1,595,983	\$ 2,654,985	\$ 2,980,376	\$ 2,437,894	\$ 2,795,254	\$ 3,422,303	\$ 3,903,349	\$ 4,332,875	\$ 5,472,466	\$ 5,750,147
Restricted	862,419	463,269	449,237	405,603	974,467	1,503,639	3,101,631	3,580,419	3,960,019	4,651,906
Unrestricted	315,573	(432,353)	13,621	1,188,497	1,201,545	643,885	374,584	1,083,085	1,739,355	3,165,257
Total district net position	\$ 2,773,975	\$ 2,685,901	\$ 3,443,254	\$ 4,031,984	\$ 4,971,266	\$ 5,569,827	\$ 7,379,564	\$ 8,996,379	\$ 11,171,840	\$ 13,567,310

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65. Items Previously Reported in Assets and Liabilities.

ALLEDALE BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,167,419	\$ 5,651,818	\$ 5,833,194	\$ 5,876,727	\$ 6,199,331	\$ 6,154,437	\$ 6,291,655	\$ 6,035,330	\$ 6,248,750	\$ 6,374,529
Special education	967,798	1,745,449	1,346,367	2,080,570	2,047,305	1,804,129	1,426,920	1,323,709	1,403,216	1,245,102
Other special education	558,306									
Other instruction		618,579	619,411	437,794	454,720	474,987	370,459	441,108	441,775	643,361
School Sponsored Activities and Athletics		71,299	79,188	81,986	98,524	112,555	114,148	121,850	122,605	111,277
Support Services:										
Tuition	436,962									
Student & instruction related services	1,810,447	1,683,604	2,034,308	1,841,045	2,114,773	1,977,978	2,062,727	2,003,115	2,240,613	2,137,146
Health services		130,338	149,213	161,615	169,533	171,609	191,585	193,471	191,806	201,189
Attendance and Social Work		15,644	22,658	63,811	45,304	36,401	30,553	30,553	40,558	45,151
Educational Media/School Library		147,505	160,638	168,980	187,713	175,559	197,452	195,724	200,517	204,261
School Administrative services	465,364	647,917	541,290	547,513	555,731	621,985	669,644	651,853	794,064	816,826
General administration	346,084	515,093	545,745	455,453	559,711	562,486	503,373	524,697	578,080	521,372
Central Services		307,875	369,895	405,184	396,814	462,015	413,062	378,393	388,694	427,634
Plant operations and maintenance	1,034,402	1,171,671	1,207,225	1,368,257	1,568,683	1,620,050	1,565,254	1,668,631	1,670,103	1,582,336
Pupil transportation	204,556	203,346	239,584	316,016	261,897	221,040	177,097	88,786	91,546	123,385
Other support services	239,708									
Unallocated Benefits	858,926									
Interest on long-term debt	317,924	299,535	328,249	447,809	427,916	386,273	329,704	295,439	273,249	249,684
Unallocated depreciation	207,763									
Total governmental activities expenses	11,615,659	13,209,673	13,476,965	14,252,760	15,087,955	14,745,103	14,343,481	13,952,659	14,685,576	14,683,253
Business-type activities:										
Food service	225,200	237,314	231,837	209,091	220,181	181,155	233,552	220,264	250,187	242,061
Summer Music				43,233	40,261	39,980	49,881	38,002	25,388	38,291
Total business-type activities expense	225,200	237,314	231,837	252,324	260,442	221,135	283,433	258,266	275,575	280,352
Total district expenses	\$ 11,840,859	\$ 13,446,987	\$ 13,708,802	\$ 14,505,084	\$ 15,348,397	\$ 14,966,238	\$ 14,626,914	\$ 14,210,925	\$ 14,961,151	\$ 14,963,605
Program Revenues										
Governmental activities:										
Charges for services:										
Regular		\$ 38,106	\$ 17,175				\$ 58,350	\$ 79,036	\$ 75,859	\$ 82,898
Special education		279,868	126,138	203,476	185,540	141,775	64,631			
Operating grants and contributions	\$ 182,397	1,559,761	1,841,553	2,258,951	2,310,564	1,576,156	2,162,180	1,490,297	2,090,133	2,287,444
Total governmental activities program revenues	182,397	1,877,735	1,984,866	2,462,427	2,496,104	1,717,931	2,285,161	1,569,333	2,165,992	2,370,342

ALLEDALE BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues (Continued)										
Business-type activities:										
Charges for services:										
Food service	\$ 202,031	\$ 212,357	\$ 209,897	\$ 192,661	\$ 192,164	\$ 180,928	\$ 187,178	\$ 199,110	\$ 239,594	\$ 222,333
Summer Music		29,000	30,547	45,073	38,800	40,031	48,740	40,875	27,488	36,588
Operating grants and contributions	29,402			25,476	25,367	26,595	26,456	27,539	24,815	28,713
Total business type activities program revenues	231,433	241,357	240,444	263,210	256,331	247,554	262,374	267,524	291,897	287,634
Total district program revenues	\$ 413,830	\$ 2,119,092	\$ 2,225,310	\$ 2,725,637	\$ 2,752,435	\$ 1,965,485	\$ 2,547,535	\$ 1,836,857	\$ 2,457,889	\$ 2,657,976
Net (Expense)/Revenue										
Governmental activities	\$ (11,433,262)	\$ (11,331,938)	\$ (11,492,099)	\$ (11,790,333)	\$ (12,591,851)	\$ (13,027,172)	\$ (12,058,320)	\$ (12,383,326)	\$ (12,519,584)	\$ (12,312,911)
Business-type activities	6,233	4,043	8,607	10,886	(4,111)	26,419	(21,059)	9,258	16,322	7,282
Total district-wide net expense	\$ (11,427,029)	\$ (11,327,895)	\$ (11,483,492)	\$ (11,779,447)	\$ (12,595,962)	\$ (13,000,753)	\$ (12,079,379)	\$ (12,374,068)	\$ (12,503,262)	\$ (12,305,629)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,239,055	\$ 10,447,306	\$ 11,246,235	\$ 12,025,265	\$ 12,172,795	\$ 12,490,766	\$ 12,770,397	\$ 13,281,213	\$ 13,546,837	\$ 13,817,774
Taxes levied for debt service	541,453	663,310	663,054	847,316	884,623	896,664	888,093	518,968	848,696	891,449
State aid - unrestricted	1,695,206	88,830	90,250	91,049	107,469	4,618				
Tuition Received	360,587			142,845	143,917	145,368	144,668	124,008	123,222	-
State aid - restricted for debt service	2,809			280,430	206,205	46,067	31,872	35,066	16,398	20,546
Investment earnings	41,627	39,728	241,306	42,804	17,855	14,808	53,490	31,106	143,316	68,217
Miscellaneous income										
Total governmental activities	12,880,737	11,239,174	12,240,845	13,423,709	13,532,864	13,598,291	13,888,520	13,990,361	14,678,469	14,797,986
Business-type activities:										
Miscellaneous income		647		3,098	2,370	1,023	596	522	254	327
Interest earnings										
Total business-type activities		647		3,098	2,370	1,023	596	522	254	327
Total district-wide	\$ 12,880,737	\$ 11,239,821	\$ 12,240,845	\$ 13,432,807	\$ 13,535,234	\$ 13,599,314	\$ 13,889,116	\$ 13,990,883	\$ 14,678,723	\$ 14,798,313
Change in Net Position										
Governmental activities	\$ 1,447,475	\$ (92,764)	\$ 748,746	\$ 1,639,376	\$ 941,013	\$ 571,119	\$ 1,830,200	\$ 1,607,035	\$ 2,158,885	\$ 2,485,075
Business-type activities	6,233	4,690	8,607	13,984	(1,741)	27,442	(20,463)	9,780	16,576	7,609
Total district	\$ 1,453,708	\$ (88,074)	\$ 757,353	\$ 1,653,360	\$ 939,272	\$ 598,561	\$ 1,809,737	\$ 1,616,815	\$ 2,175,461	\$ 2,492,684

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

ALLEDALE BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 718,612	\$ 730,795	\$ 1,155,312	\$ 1,946,546	\$ 2,041,678	\$ 1,815,709	\$ 3,357,772	\$ 4,425,361	\$ 5,509,482	\$ 6,726,760
Unreserved	657,155	208,124	209,453	384,047	667,738	757,295	581,476	290,376	145,214	617,665
Restricted								472,147	518,681	873,144
Committed								250,000	248,675	234,466
Assigned										
Unassigned										
Total general fund	\$ 1,375,767	\$ 938,919	\$ 1,364,765	\$ 2,330,593	\$ 2,709,436	\$ 2,573,004	\$ 3,939,248	\$ 5,437,884	\$ 6,422,052	\$ 8,452,035
All Other Governmental Funds										
Reserved	\$ 142,104	\$ 122,104	\$ 250,274	\$ 2,057,014	\$ 199,640	\$ 245,927	\$ 632,311	\$ 272,944	\$ 111,740	\$ 106,289
Unreserved	1,703	33,316	4,559,102	1,041,690	681,389	464,526				
Restricted										
Total all other governmental fun	\$ 143,807	\$ 155,420	\$ 4,809,376	\$ 3,098,704	\$ 881,029	\$ 710,453	\$ 632,311	\$ 272,944	\$ 111,740	\$ 106,289

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 10,780,508	\$ 11,110,616	\$ 11,909,289	\$ 12,872,581	\$ 13,057,418	\$ 13,387,430	\$ 13,658,490	\$ 13,800,181	\$ 14,395,533	\$ 14,709,223
Tuition charges	360,587	317,974	143,313	203,476	185,540	141,775	122,981	79,036	75,859	82,898
Interest earnings	2,809	13,545	162,280	280,430	206,205	46,067	31,872	35,066	16,398	20,546
Miscellaneous	41,627	26,183	79,026	42,804	50,126	38,600	59,027	31,665	143,316	70,178
State sources	1,701,721	1,449,443	1,707,502	2,294,007	2,296,501	1,466,693	1,997,345	1,341,068	1,850,623	2,064,988
Federal sources	175,882	199,148	224,301	198,838	233,178	235,657	303,966	272,678	362,732	220,495
Total revenue	13,063,134	13,116,909	14,225,711	15,892,136	16,028,968	15,316,222	16,173,681	15,559,694	16,844,461	17,168,328
Expenditures										
Instruction										
Regular Instruction	4,167,419	5,614,453	5,696,876	5,683,851	5,997,384	5,923,356	6,051,482	5,829,303	6,029,179	6,016,247
Special education instruction	967,798	1,738,600	1,316,456	2,045,973	2,006,035	1,763,739	1,416,349	1,316,295	1,374,594	1,192,575
Other special instruction	558,306	614,145	603,201	425,287	439,022	455,532	355,228	428,375	425,430	604,161
School sponsored activities and athletics		70,812	77,404	79,977	95,686	108,913	110,215	118,512	118,992	104,880
Support Services:										
Tuition	436,962									
Student & inst. related services	1,810,447	1,672,151	2,003,658	1,799,447	2,056,543	1,913,930	1,997,002	1,947,200	2,170,553	2,026,530
Health services		127,376	145,260	157,330	163,790	164,721	182,553	185,658	184,952	189,919
Attendance and Social Work		17,553	22,207	61,717	43,712		30,401	30,667	39,028	42,209
Educational Media/School Library		146,578	156,947	164,572	182,254	168,976	190,188	189,514	194,020	192,846
General administration	346,084	513,134	538,078	446,975	547,584	547,459	488,858	503,131	551,212	500,403
School administrative services	465,364	643,381	527,603	532,132	537,331	597,059	642,421	628,578	765,190	768,538
Central services		305,528	360,379	394,645	383,889	444,558	399,903	367,227	375,486	403,355
Plant operations and maintenance	1,034,402	1,166,476	1,190,121	1,347,470	1,539,633	1,587,864	1,530,743	1,639,030	1,639,452	1,525,271
Pupil transportation	204,556	203,346	240,017	316,016	261,897	221,040	177,097	88,786	91,546	123,385
Other Support Services	239,708									
Unallocated Benefits	2,348,634									
Capital outlay	92,166	45,302	281,575	2,166,709	2,584,500	684,051	280,379	145,559	1,059,153	443,160
Debt service:										
Principal	342,000	358,000	384,000	540,000	607,000	644,000	660,000	717,000	719,000	769,000
Interest and other charges	321,635	305,309	262,720	474,879	421,540	398,032	372,760	283,590	283,710	241,317
Cost of Issuance								72,574	18,412	
Advance Refunding Escrow								163,098	26,588	
Total expenditures	13,335,481	13,542,144	13,806,501	16,636,980	17,867,800	15,623,230	14,885,579	14,656,097	16,066,497	15,143,796
Excess (Deficiency) of revenues over (under) expenditures	(272,347)	(425,235)	419,210	(744,844)	(1,838,832)	(307,008)	1,288,102	903,597	777,964	2,024,532

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)										
Proceeds from Bond			\$ 4,982,948					\$ 2,690,000	\$ 586,000	
Premium on Refunding Bonds								145,672		
Payment to Refunded Bond Escrow Agent								(2,600,000)	(541,000)	
Cost of Issuance from Bond			(322,356)							
Transfers in	\$ 6,735	\$ 7,471	\$ 87,657	\$ 184,096	\$ 95,581	\$ 6,479	\$ 105,941	247	104,366	\$ 110,951
Transfers out	(6,735)	(7,471)	(87,657)	(184,096)	(95,581)	(6,479)	(105,941)	(247)	(104,366)	(110,951)
Total other financing sources (uses)	-	-	4,660,592	-	-	-	-	235,672	45,000	-
Net change in fund balances	<u>\$ (272,347)</u>	<u>\$ (425,235)</u>	<u>\$ 5,079,802</u>	<u>\$ (744,844)</u>	<u>\$ (1,838,832)</u>	<u>\$ (307,008)</u>	<u>\$ 1,288,102</u>	<u>\$ 1,139,269</u>	<u>\$ 822,964</u>	<u>\$ 2,024,532</u>
Debt service as a percentage of noncapital expenditures	2.58%	2.65%	2.84%	3.73%	3.97%	4.31%	4.52%	6.07%	4.97%	5.23%

* Noncapital expenditures are total expenditures less capital outlay.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL FUND										
Interest on Investments	\$ 6,411	\$ 13,965	\$ 67,872	\$ 79,470	\$ 95,808	\$ 31,983	\$ 29,435	\$ 33,561	\$ 15,791	\$ 19,729
Prior Year's Refunds	26,544	8,853							38,987	2,479
Rentals									25,725	32,068
Insurance									28,354	8,942
Miscellaneous	-	3,365	79,026	42,804	17,855	14,808	53,490	31,106	50,250	24,728
Total Miscellaneous	<u>32,955</u>	<u>26,183</u>	<u>146,898</u>	<u>122,274</u>	<u>113,663</u>	<u>46,791</u>	<u>82,925</u>	<u>64,667</u>	<u>159,107</u>	<u>87,946</u>
Tuition	360,587	317,974	143,313	203,476	185,540	141,775	122,981	79,036	75,859	82,898
Interest Earned on Capital Reserve Funds	2,809	6,074	12,699	16,864	14,816	7,605	1,646	1,258	607	755
Total General Fund	<u>363,396</u>	<u>324,048</u>	<u>156,012</u>	<u>220,340</u>	<u>200,356</u>	<u>149,380</u>	<u>124,627</u>	<u>80,294</u>	<u>76,466</u>	<u>83,653</u>
Total Other Local Revenue	<u>\$ 396,351</u>	<u>\$ 350,231</u>	<u>\$ 302,910</u>	<u>\$ 342,614</u>	<u>\$ 314,019</u>	<u>\$ 196,171</u>	<u>\$ 207,552</u>	<u>\$ 144,961</u>	<u>\$ 235,573</u>	<u>\$ 171,599</u>

Source: District's records.

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

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Reg.	Q/farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2004	\$ 9,881,200	\$ 1,101,756,500	\$ 951,900	\$ 7,200	\$ 104,810,300	\$ 60,671,900	-	\$ 1,278,079,000	-	\$ 1,278,079,000	\$ 1,451,504,461	\$ 1.330
2005	9,746,500	1,105,020,600	951,900	16,200	103,847,100	60,671,900	-	1,280,254,200	-	1,280,254,200	1,593,923,956	1.421
2006	10,027,600	1,111,588,700	951,900	16,200	93,383,800	63,135,200	-	1,279,103,400	-	1,279,103,400	1,791,207,176	1.530
2007	19,935,000	1,120,804,400	951,900	16,200	90,089,700	61,598,800	-	1,294,930,400	-	1,294,930,400	1,848,980,808	1.580
2008	21,320,700	1,123,463,200	951,900	656,200	87,978,700	61,598,800	-	1,295,969,500	-	1,295,969,500	1,895,839,282	1.630
2009	23,113,900	1,128,523,700	951,900	656,200	66,594,200	83,003,300	-	1,302,843,200	-	1,302,843,200	1,741,285,954	1.666
2010	22,862,000	1,136,586,200	951,900	16,200	66,594,200	83,003,300	-	1,310,013,800	-	1,310,013,800	1,831,322,056	1.677
2011	21,708,300	1,138,141,600	951,900	16,200	67,787,000	83,736,300	-	1,312,341,300	-	1,312,341,300	1,811,515,735	1.704
2012	26,672,000	1,333,766,900	954,800	6,600	82,518,900	90,783,000	-	1,534,702,200	-	1,534,702,200	1,757,516,449	1.485
2013	24,941,500	1,335,080,100	954,800	6,600	82,518,900	90,783,000	-	1,534,284,900	-	1,534,284,900	1,666,131,533	1.519

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>School District</u>	*	<u>Library</u>	<u>Municipality</u>	<u>County</u>
2004	\$ 2.05	\$ 1.33			\$ 0.50	\$ 0.22
2005	2.18	1.42			0.53	0.23
2006	2.36	1.53			0.60	0.23
2007	2.45	1.58			0.62	0.25
2008	2.55	1.63			0.65	0.27
2009	2.618	1.666			0.667	0.285
2010	2.642	1.677			0.686	0.279
2011	2.672	1.704			0.686	0.282
2012	2.311	1.485		\$ 0.037	0.556	0.233
2013	2.357	1.519		0.036	0.552	0.250

* The School District rate includes both the local district as well as the regional school district.

Source: Tax Duplicate, Borough of Allendale

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Allendale Nursing Home	\$ 20,122,800	1.53%		
Allendale Plaza	17,002,200	1.30%		
LPR Allendale	12,506,500	0.95%		
Black Mill Work Co. Inc.	9,000,000	0.69%		Not Available
Pearl Investor	8,973,000	0.68%		
Allendale Associates	8,083,200	0.62%		
Allendale Associates	5,850,500	0.45%		
Pearl Investor	5,400,000	0.41%		
Allendale Associates	5,118,800	0.39%		
Pearl Investor	4,176,000	0.32%		
	<u>\$ 96,233,000</u>	<u>7.32%</u>		

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 10,780,508	\$ 10,780,508	100.00%	N/A
2005	11,110,616	11,110,616	100.00%	N/A
2006	11,909,289	11,839,989	99.00%	\$ 69,300
2007	12,872,581	12,872,581	100.00%	N/A
2008	13,057,418	13,057,418	100.00%	N/A
2009	13,387,430	13,387,430	100.00%	N/A
2010	13,658,490	13,658,490	100.00%	N/A
2011	13,800,181	13,800,181	100.00%	N/A
2012	14,395,533	14,395,533	100.00%	N/A
2013	14,709,223	14,709,223	100.00%	N/A

Source: District Records

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

Fiscal Year Ended June 30,	Governmental Activities						Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Grant Anticipation Notes (BANs)					
2005	\$ 6,344,000	N/A	N/A	\$ 424,576	\$ 6,768,576	6,665	\$ 1,016		
2006	10,937,000	N/A	N/A	424,576	11,361,576	6,604	1,720		
2007	10,397,000	N/A	N/A	424,576	10,821,576	6,578	1,645		
2008	9,790,000	N/A	N/A	424,576	10,214,576	6,599	1,548		
2009	9,146,000	N/A	N/A	424,576	9,570,576	6,609	1,448		
2010	8,486,000	N/A	N/A	-	8,486,000	6,512	1,303		
2011	7,859,000	N/A	N/A	-	7,859,000	6,548	1,200		
2012	7,185,000	N/A	N/A	-	7,185,000	6,657	1,079		
2013	6,416,000	N/A	N/A	-	6,416,000	6,657 *	964		

Source: District records

Note:

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

*Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 6,344,000	-	\$ 6,344,000	0.50%	\$ 952
2006	10,937,000	-	10,937,000	0.86%	1,656
2007	10,397,000	-	10,397,000	0.80%	1,581
2008	9,790,000	-	9,790,000	0.76%	1,484
2009	9,146,000	-	9,146,000	0.70%	1,384
2010	8,486,000	-	8,486,000	0.65%	1,303
2011	7,859,000	-	7,859,000	0.60%	1,200
2012	7,185,000	-	7,185,000	0.47%	1,079 *
2013	6,416,000	-	6,416,000	0.42%	964

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* Estimate

Note:

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

ALLENDALE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2012
(Unaudited)

	<u>Total Net Debt</u>
Municipal Debt: (1)	
Borough of Allendale School District	\$ 6,685,000
Northern Highlands Regional School District	10,117,000
Borough of Allendale	<u>13,916,252</u>
	<u>30,718,252</u>
Overlapping Debt Apportioned to the Municipality:	
County of Bergen (2)	7,610,759
Northwest Utilities Authority (3)	<u>2,451,164</u>
Total Direct and Overlapping Debt	<u>\$ 40,780,175</u>

(1)- Based on 2012 equalized valuations

(2) Based on Usage

Sources:

(1) Borough of Allendale 2012 Annual Debt Statement

(2) County of Bergen 2012 Audit

(3) NBCUA 2012 Audit

ALLENDALE BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST NINE CALENDAR YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis								
	2012	2011	2010	2009	2008	2007	2006	2005	2013
Equalized valuation basis	\$ 1,664,355,493	1,718,398,979	1,738,341,030						
Average equalized valuation of taxable property	\$ 1,707,031,834								
Debt limit (3% of average equalization value)	51,210,955								
Total Net Debt Applicable to Limit	6,685,000								
Legal debt margin	\$ 44,525,955								
Debt limit	\$ 39,747,808	\$ 64,353,881	\$ 48,265,411	\$ 52,199,045	\$ 55,101,210	\$ 55,384,745	\$ 54,345,472	\$ 52,725,493	\$ 51,210,955
Total net debt applicable to limit	6,344,000	10,937,000	10,397,000	9,790,000	9,146,000	8,486,000	7,227,000	6,552,000	6,685,000
Legal debt margin	\$ 33,403,808	\$ 53,416,881	\$ 37,868,411	\$ 42,409,045	\$ 45,955,210	\$ 46,898,745	\$ 47,118,472	\$ 46,173,493	\$ 44,525,955
Total net debt applicable to the limit as a percentage of debt limit	15.96%	17.00%	21.54%	18.76%	16.60%	15.32%	13.30%	12.43%	13.05%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2003	4.20%	\$ 51,132	6,720
2004	3.40%	54,462	6,702
2005	2.50%	56,706	6,651
2006	2.70%	62,714	6,583
2007	2.40%	67,394	6,557
2008	4.50%	68,227	6,578
2009	5.60%	63,198	6,609
2010	5.80%	65,486	6,512
2011	5.70%	66,096	6,548
2012	8.10%	66,096 *	6,657

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

* Estimate

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

Employer	2013		2004	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	89	86	87	88	74	71	71	71	71	71
Special education	12	12	8	8	10	14	14	14	14	14
Other special education	3	3	3	3	15	14	15	15	15	15
Support Services:										
Student & instruction related services	5	5	4	4	5	5	5	5	5	5
General administration	6	6	6	6	6	6	6	6	6	6
School administrative services	3	3	2	2	2	2	2	2	2	2
Other administrative services			1	1	1	1	1	1	1	1
Plant operations and maintenance	10	10	9	9	10	9	8	8	8	8
Total	128	125	120	121	123	122	122	123	122	122

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2004	1,102	\$ 12,579,680	\$ 11,415	10.79%	105	14:1	13:1	1,102	1,060	-0.63%	96.19%
2005	1,087	12,862,145	11,833	3.66%	102	14:1	12.5:1	1,087	1,047	-1.36%	96.32%
2006	1,072	13,055,103	12,178	2.92%	104	13.5:1	12.5:1	1,072	1,060	-1.38%	98.88%
2007	1,032	13,461,970	13,045	7.11%	106	13:1	12:1	1,032	995	-3.73%	96.41%
2008	997	14,254,760	14,298	9.61%	99	9.2:1	11:01	991	950	-3.97%	95.86%
2009	954	13,897,147	14,567	1.89%	99	9.2:1	11:01	954	932	-3.73%	97.69%
2010	944	13,572,440	14,378	-1.30%	99	11:9	11:06	961	923	0.73%	96.05%
2011	957	13,272,276	13,869	-3.54%	99	12:02	11:02	967	934	0.62%	96.59%
2012	925	13,959,634	15,091	8.82%	90	10:01	11:01	925	897	-4.34%	96.97%
2013	913	13,690,319	14,995	-0.64%	90	15:01	13:01	930	896	0.54%	96.34%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	430	417	411	404	386	326	322	322	391	354
<u>Middle School</u>										
Square Feet	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	637	637	633	635	605	628	623	623	534	559

Number of Schools at June 30, 2013
Elementary = 1
Middle School = 1

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Facilities										
Brookside Avenue Elem.	\$ 150,835	\$ 152,499	\$ 132,202	\$ 184,940	\$ 253,262	\$ 246,981	\$ 140,831	\$ 194,614	\$ 271,227	\$ 247,961
Hillside Avenue Elem.	77,623	81,799	68,105	95,272	100,785	101,051	87,807	123,275	185,227	160,856
Grand Total	<u>\$ 228,458</u>	<u>\$ 234,298</u>	<u>\$ 200,307</u>	<u>\$ 280,212</u>	<u>\$ 354,047</u>	<u>\$ 348,032</u>	<u>\$ 228,638</u>	<u>\$ 317,889</u>	<u>\$ 456,454</u>	<u>\$ 408,817</u>

Source: School District Financial Statements

ALLENDALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013
(Unaudited)

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Allendale Board of Education's basic financial statements and have issued our report thereon dated December 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Allendale Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Allendale Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Allendale Board of Education's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allendale Board of Education's financial statements are free from 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 Office of School Finance, Department of Education, State of New Jersey.

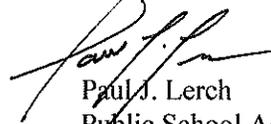
We noted certain matters that we reported to management of the Allendale Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 4, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Allendale Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Allendale Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
December 4, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Allendale Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Allendale Board of Education's major state programs for the fiscal year ended June 30, 2013. The Allendale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Allendale Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Allendale Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Allendale Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Allendale Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Allendale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Allendale Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Allendale Board of Education's internal control over compliance.

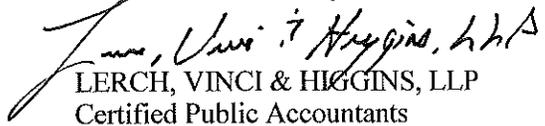
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

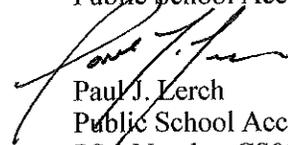
Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 4, 2013, which contained an unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



James, Vinci & Higgins, LLP

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



Paul J. Lerch

Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
December 4, 2013

ALLEDALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Number	Grant Period	Award Amount	Balance July 1, 2012		Cash Received	Budgetary Expenditures (1)	Adjustments	Balance June 30, 2013		MEMO
					Accounts Receivable	Unearned Revenue				Accounts Receivable	Unearned Revenue	
U.S. Department of Agriculture												
Passed-Through State Dept. of Education												
<i>Enterprise Fund</i>												
National School Lunch Program - Non-Cash Assistance	10.550	N/A	7/1/12-6/30/13	\$ 11,534			\$ 11,534	\$ 11,228		\$ 306		
Cash Assistance	10.555	N/A	7/1/12-6/30/13	14,098			12,749	14,098				\$ (1,349)
Cash Assistance	10.555	N/A	7/1/11-6/30/12	13,982	\$ (895)		895					
Special Milk Program	10.556	N/A	7/1/12-6/30/13	1,938			1,768	1,938		(170)		
Special Milk Program	10.556	N/A	7/1/11-6/30/12	1,787	(118)		118					(170)
Total U.S. Department of Agriculture					(1,013)		27,064	27,264		(1,519)	306	(1,519)
U.S. Department of Education												
Passed-Through State Dept. of Education												
<i>Special Revenue Fund</i>												
Title II, Part A	84.367	NCLB0040-13	9/1/12-8/31/13	11,940			11,513	11,940		(427)		(427)
Title II, Part A	84.367	NCLB0040-12	9/1/11-8/31/12	14,007	(19,842)		19,842					
Title III, Part A	84.186	NCLB0040-13	9/1/12-8/31/13	33,688			29,253	30,727	\$ 1,373	(41,127)	19,998	(21,129)
Title III, Part A	84.186	NCLB0040-12	9/1/11-8/31/12	29,036	(36,692)		36,692					
ARRA I.D.E.A. Basic	84.391	N/A	9/1/09-8/31/11	191,862		\$ 25			(26)			
I.D.E.I.A. Part B, Basic Regular	84.027	NCLB0040-13	9/1/12-8/31/13	170,117			106,538	170,117		(63,579)		(63,579)
I.D.E.I.A. Part B, Preschool	84.173	NCLB0040-13	9/1/12-8/31/13	7,986			5,216	7,711		(2,770)	275	(2,495)
I.D.E.I.A. Part B, Preschool	84.173	NCLB0040-12	9/1/11-8/31/12	8,055	(7,990)		7,990					
Total U.S. Department of Education					(64,524)	25	180,352	220,495	1,347	(107,903)	20,273	(87,630)
Total Federal Awards					\$ (65,537)	\$ 25	\$ 207,416	\$ 247,759	\$ 1,347	\$ (109,422)	\$ 20,579	\$ (89,149)

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

(1) Cancelled payable

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Allendale Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$221,991 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,940,916	\$ 1,940,916
Special Revenue Fund	\$ 220,495		220,495
Debt Service Fund		124,072	124,072
Food Service Fund	<u>27,264</u>	<u>1,449</u>	<u>28,713</u>
Total Financial Assistance	<u>\$ 247,759</u>	<u>\$ 2,066,437</u>	<u>\$ 2,314,196</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$464,091 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$377,073 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$426,374 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

State Awards Section

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000

K) Auditee qualified as low-risk auditee? X yes no

L) Type of auditors' report on compliance for major programs: Unmodified

M) Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? yes X none reported

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>495-034-5095-002</u>	<u>Reimbursed TPAF Social Security</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>

**ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**ALLENDALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.