

**LAFAYETTE TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

Lafayette, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**Lafayette Township Board of Education
Finance Department**

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INTRODUCTORY SECTION



Lafayette Township School District

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Superintendent/Principal
973-875-3344, ext. 13

GERARD FAZZIO
Assistant Principal
973-875-3344, ext. 14

ANNE HESSLER
Business Administrator/Board Secretary
973-875-2359
Fax: 973-875-2663

August 15, 2011

The Honorable President and Members
of the Board of Education
Lafayette Township School District
County of Sussex, NJ

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Lafayette Township School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "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 basic financial statements 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Lafayette School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Lafayette Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 257 students, which is down 25 students from the previous year's ending enrollment. The following details the changes in the student enrollment of the District over the last five years.

The Honorable President and Members
of the Board of Education
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<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2010-11	257.1	-8.80%
2009-10	281.9	-4.63%
2008-09	295.6	-5.89%
2007-08	314.1	-0.54%
2006-07	315.8	-4.79%

2) ECONOMIC CONDITION AND OUTLOOK:

The Lafayette area is experiencing minimal development and expansion. The Township's ratable base decreased by almost \$30,000,000 between 2010 and 2011 due, in a large part, to the largest ratable in the Township receiving a large reduction in its assessed valuation.

3) MAJOR INITIATIVES:

On the preliminary results for the NJASK state assessment in grades 3, 4, 5, 6, 7 and 8, the percentage of students scoring at the proficient and advanced proficient levels were as follows: Grade 3 - Language Arts – 82.2% and Mathematics- 96.4%; Grade 4 - Language Arts – 60.0%, Mathematics – 75.0% and Science – 95.0%; Grade 5 - Language Arts – 76.9% and Mathematics – 76.9%; Grade 6 - Language Arts – 83.3% and Mathematics – 72.2%; Grade 7 - Language Arts – 80.0% and Mathematics – 70.0%; Grade 8 - Language Arts – 97.6%, Mathematics – 73.2% and Science - 92.7%.

4) INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state awards, the District is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's 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 major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

The Honorable President and Members
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5) **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2011.

6) **ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles (GAAP), 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", No. 1.

7) **DEBT ADMINISTRATION:**

At June 30, 2011, the District has \$3,335,000 of outstanding bonded debt.

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", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The Honorable President and Members
of the Board of Education
Lafayette Township School District
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10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are 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) **ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the School District 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.



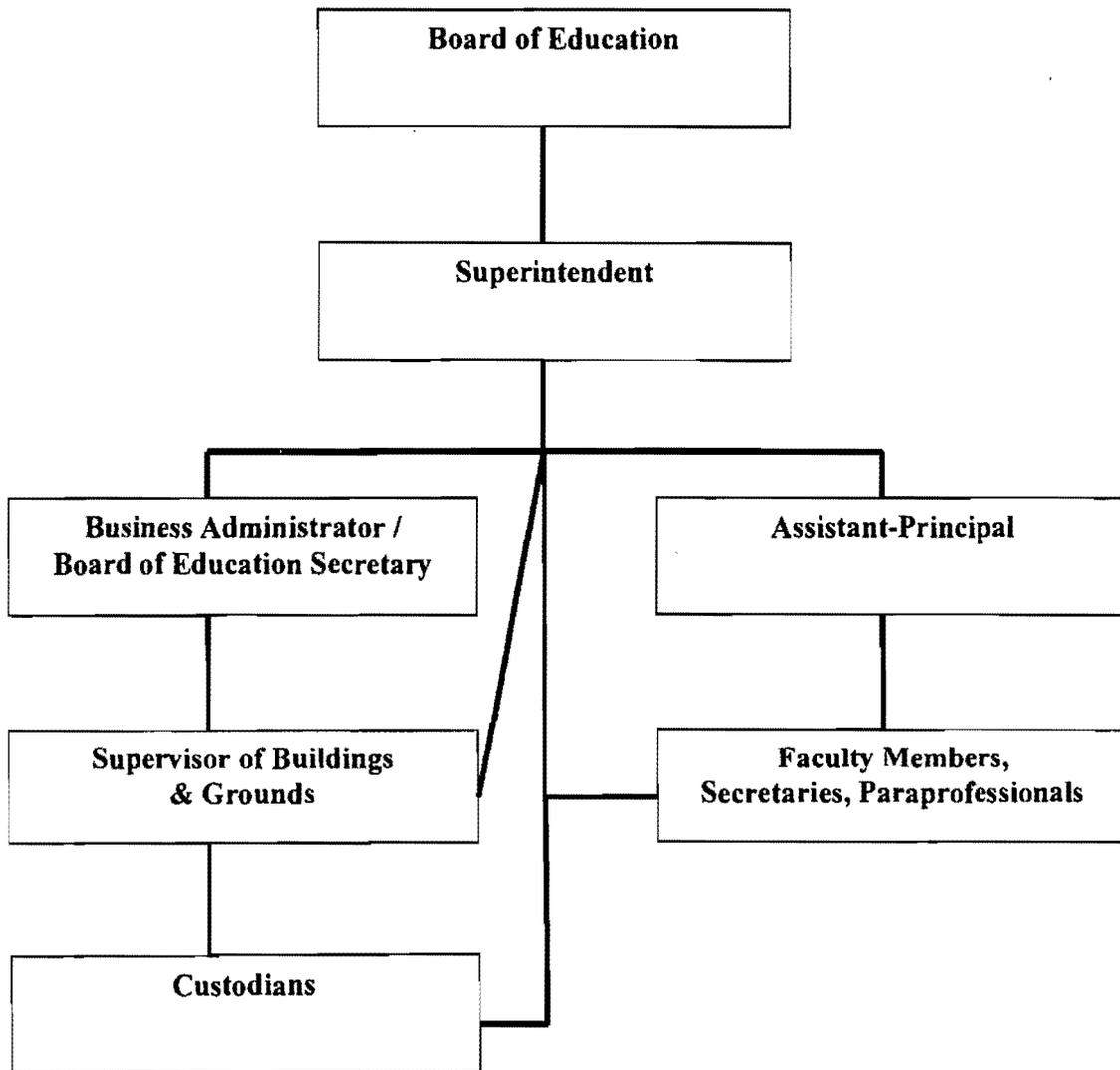
David Astor, Superintendent



Anne Hessler, Business Administrator/Board Secretary

Lafayette Board of Education

Organizational Chart Unit Control



**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 JUNE 30, 2011**

<u>Members of the Board of Education</u>		Term Expires
Andrew Frye	President	2014
Linda Peoples	Vice-President	2012
Matthew Busanic	Member	2012
Tracy McBride Mustachio	Member	2013
Karen Mitchell-Macko	Member	2013
Thomas Numann	Member	2014
Peggy Pak	Member	2014
Richard Poshkus	Member	2013
Anne Sellinger	Member	2012

Keith Neuhs, Superintendent (through October 29, 2010)

Robert McCann, Interim Superintendent (from November 1, 2010)

Anne S. Hessler, Board Secretary/School Business Administrator

Linda Pettinger, Treasurer (through December 31, 2010)

Gail Magura, Treasurer (from January 1, 2011)

Matthew Giacobbe, Esq. and Bruce Padula, Board Attorneys

**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
And
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

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Matawan, NJ 07747

Official Depositories

Lakeland Bank
First Hope Bank

FINANCIAL SECTION



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Independent Auditors' Report

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District in the County of Sussex as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2011 on our consideration of the Board of Education of the Lafayette Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
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Lafayette Township School District
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The Management's Discussion and Analysis and the Budgetary Comparison Information listed on Exhibits C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Lafayette Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining fund and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

August 15, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



John D. Cassells
Licensed Public School Accountant #105



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis (Unaudited)

This section of Lafayette Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved significantly, in spite of minimal increases in state aid for several years.
- Overall revenue was \$5.22 million.
- Actual revenue was more than expected, primarily in tuition, miscellaneous revenue and extraordinary special education costs aid.
- Enrollment in the District has been decreasing for the last several years and cost per pupil has increased.
- The District reduced its outstanding long-term bonded debt by 7.94 percent.

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

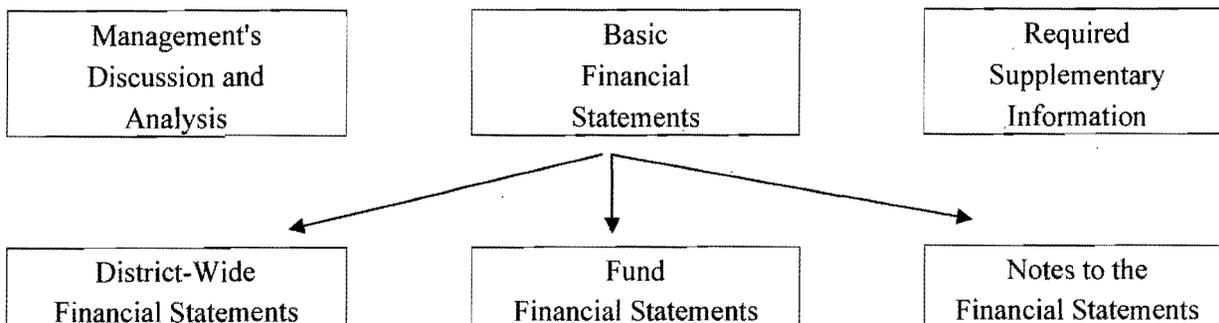


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

- *Notes to Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of 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.

Net Assets. The District's combined net assets increased by \$321,325. Net assets from governmental activities increased by \$322,960 combined with a decrease in net assets from business activities of \$1,635. Net assets invested in capital assets increased by \$90,201, restricted net assets increased by \$213,059, and unrestricted net assets increased by \$18,065.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Current and Other Assets	\$ 895,734	\$ 673,347	\$ 10,559	\$ 11,083	\$ 906,293	\$ 684,430	32.42%
Capital Assets	4,382,053	4,563,210	12,190	12,456	4,394,243	4,575,666	-3.96%
Total Assets	<u>5,277,787</u>	<u>5,236,557</u>	<u>22,749</u>	<u>23,539</u>	<u>5,300,536</u>	<u>5,260,096</u>	0.77%
Long-Term Debt Outstanding	3,182,239	3,447,551			3,182,239	3,447,551	-7.70%
Other Liabilities	198,538	214,956	4,176	3,331	202,714	218,287	-7.13%
Total Liabilities	<u>3,380,777</u>	<u>3,662,507</u>	<u>4,176</u>	<u>3,331</u>	<u>3,384,953</u>	<u>3,665,838</u>	-7.66%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	1,230,814	1,140,347	12,190	12,456	1,243,004	1,152,803	7.82%
Restricted	615,821	402,762			615,821	402,762	52.90%
Unrestricted	50,375	30,941	6,383	7,752	56,758	38,693	46.69%
Total Net Assets	<u>\$ 1,897,010</u>	<u>\$ 1,574,050</u>	<u>\$ 18,573</u>	<u>\$ 20,208</u>	<u>\$ 1,915,583</u>	<u>\$ 1,594,258</u>	20.16%

Changes in Net Assets. The District's combined net assets were \$1,915,583 on June 30, 2011, or \$321,325 more than they were the year before. The increase in net assets invested in capital assets is due to the net retirement of \$290,000 of serial bonds payable plus \$57,758 in capital assets additions offset by a decrease of \$18,376 in deferred interest and \$239,181 of depreciation expense. The increase in restricted net assets is due primarily to the current year deposits and interest earnings in the capital reserve of \$333,797 offset by appropriations of \$232,000 and an increase in the emergency reserve of \$100,848 along with a decrease in restricted for debt service of \$15,832 and an increase in reserve for encumbrances of \$26,246. The decrease in unrestricted net assets is due primarily to the net of the unamortized bond premium and accrued interest payable offset by the excess in tuition revenue and unamortized bond issuance costs. (See Figure A-3).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Revenue:							
Program Revenue:							
Charges for Services	\$ 48,000	\$ 56,718	\$ 54,736	\$ 55,210	\$ 102,736	\$ 111,928	-8.21%
Operating Grants & Contributions	696,655	779,317	16,128	19,077	712,783	798,394	-10.72%
Capital Grants and Contributions	82,373				82,373		100.00%
General Revenue:							
Property Taxes	3,981,425	3,956,065			3,981,425	3,956,065	0.64%
Federal and State Aid	288,986	430,260			288,986	430,260	-32.83%
Other	51,162	20,748	19	57	51,181	20,805	146.00%
Total Revenue	5,148,601	5,243,108	70,883	74,344	5,219,484	5,317,452	-1.84%
Expenses:							
Instruction	2,573,498	2,743,244			2,573,498	2,743,244	-6.19%
Pupil and Instruction Services	706,418	718,070			706,418	718,070	-1.62%
Administrative and Business	527,816	579,224			527,816	579,224	-8.88%
Maintenance and Operations	402,785	384,571			402,785	384,571	4.74%
Transportation	282,605	310,307			282,605	310,307	-8.93%
Other	332,519	105,807	72,518	77,369	405,037	183,176	121.12%
Total Expenses	4,825,641	4,841,223	72,518	77,369	4,898,159	4,918,592	-0.42%
Increase/(Decrease) in Net Assets	\$ 322,960	\$ 401,885	\$ (1,635)	\$ (3,025)	\$ 321,325	\$ / 398,860	-19.44%

Revenue Sources. The District's total revenue for the 2010/2011 school year was \$5,219,484, (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$3,981,425 of the total, or 76.28 percent. (See Figure A-5). Approximately 20.77 percent came from state and federal aid and the remainder from miscellaneous sources.

Figure A-5
Sources of School District Revenue - Fiscal Year 2011

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 525,467	10.07%
Property Taxes	3,981,425	76.28%
Federal and State Categorical Grants	558,675	10.70%
Charges for Services	102,736	1.97%
Other	51,181	0.98%
	\$ 5,219,484	100.00%

The total cost of all programs and services was \$4,898,159. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (72.73 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 19.00 percent of total costs. It is important to remember that \$239,181 in depreciation is included in expenses for the year.

Figure A-6
Sources of School District Expenses - Fiscal Year 2011

Expense Category:	Amount	Percentage
Instruction	\$ 2,573,498	52.54%
Pupil and Instruction Services	706,418	14.42%
Administrative and Business	527,816	10.78%
Maintenance and Operations	402,785	8.22%
Transportation	282,605	5.77%
Other	405,037	8.27%
	\$ 4,898,159	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued during the year were:

- Participation in an insurance pool operated by Public Entity Group Administrative Services resulting in low cost property, liability and workers compensation insurance.
- Participation in Joint Transportation Agreements.
- Participation in joint purchasing agreements.

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2010/2011	2009/2010	2010/2011	2009/2010
Instruction	\$ 2,573,498	\$ 2,743,244	\$ 1,982,497	\$ 2,124,051
Pupil and Instruction Services	706,418	718,070	685,746	636,158
Administrative and Business	527,816	579,224	508,402	558,367
Maintenance and Operations	402,785	384,571	402,785	384,571
Transportation	282,605	310,307	169,037	196,234
Other	332,519	105,807	250,146	105,807
	<u>\$ 4,825,641</u>	<u>\$ 4,841,223</u>	<u>\$ 3,998,613</u>	<u>\$ 4,005,188</u>

- The cost of all governmental activities this year was \$4.83 million.
- The federal and state governments subsidized certain programs with grants and contributions consisting of \$1.07 million.
- Approximately \$3.98 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from tuition charges, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity decreased by \$1,635, (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenue by \$530 due primarily to a decline in participation in the school lunch program. The district also canceled \$1,105 of Other Receivables that was deemed uncollectible.

Financial Analysis of the District's Funds

The District's financial position increased significantly despite significant changes in the student clientele and difficult economic times. Expenditures during the recent year increased significantly as a result of an increased number of pupils with disabilities entering the school District.

These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

Capital Assets and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Land	\$ 80,000	\$ 80,000			\$ 80,000	\$ 80,000	0.00%
Site Improvements	93,289	103,306			93,289	103,306	-9.70%
Building Improvements	3,984,931	4,166,027			3,984,931	4,166,027	-4.35%
Machinery and Equipment	223,833	213,877	\$ 12,190	\$ 12,456	236,023	226,333	4.28%
Total Capital Assets	\$ 4,382,053	\$ 4,563,210	\$ 12,190	\$ 12,456	\$ 4,394,243	\$ 4,575,666	-3.96%

Long-term Debt

At year-end, the District had a net of \$3,151,239 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage Change
	2010/2011	2009/2010	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,335,000	\$ 3,625,000	-8.00%
Less: Deferred Amount on Refunded Bonds	(183,761)	(202,137)	-9.09%
Net General Obligation Bonds	3,151,239	3,422,863	-7.94%
Other Long Term Liabilities - Compensated Absences	31,000	24,688	25.57%
	\$ 3,182,239	\$ 3,447,551	-7.70%

- The District continued to pay down its debt, retiring a net amount of \$290,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$6,312 due primarily to 2 individuals meeting the vesting requirements.

Factors Bearing on the District's Future

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

- A5 – known as School District Accountability. This new law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.
- A1 – known as Tax Levy CAP. This new law, approved by the Governor on April 3, 2007 establishes a 4% cap on tax levy increases, changes the accounting/transfers for and expands the number of permitted fund balance reserves.

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year will severely impact our ability to maintain and improve our facilities.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Anne Hessler, Board Secretary/ Business Administrator at the Board of Education Office at 178 Beaver Run Road, Lafayette, NJ 07848.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 204,594	\$ 1,716	\$ 206,310
Receivable from State Government	65,439	71	65,510
Receivable from Federal Government	17,828	692	18,520
Other Accounts Receivable		1,611	1,611
Inventories		6,469	6,469
Unamortized Bond Issuance Costs	50,089		50,089
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	356,761		356,761
Emergency Reserve - Cash and Cash Equivalents	201,023		201,023
Capital Assets:			
Sites (Land)	80,000		80,000
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	4,302,053	12,190	4,314,243
Total Assets	<u>5,277,787</u>	<u>22,749</u>	<u>5,300,536</u>
LIABILITIES			
Accrued Interest Payable	38,667		38,667
Deferred Revenue		4,176	4,176
Unamortized Bond Premium	159,871		159,871
Noncurrent Liabilities:			
Due Within One Year	300,000		300,000
Due Beyond One Year	2,882,239		2,882,239
Total Liabilities	<u>3,380,777</u>	<u>4,176</u>	<u>3,384,953</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,230,814	12,190	1,243,004
Restricted for:			
Capital Projects	356,761		356,761
Debt Service	9,226		9,226
Other Purposes	249,834		249,834
Unrestricted	50,375	6,383	56,758
Total Net Assets	<u>\$ 1,897,010</u>	<u>\$ 18,573</u>	<u>\$ 1,915,583</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,136,092		\$ 256,036		\$ (1,880,056)		\$ (1,880,056)
Special Education	364,819	\$ 48,000	279,745		(37,074)		(37,074)
Other Special Instruction	37,029		3,407		(33,622)		(33,622)
School-Sponsored/Other Instruction	35,558		3,813		(31,745)		(31,745)
Support Services:							
Tuition	218,102				(218,102)		(218,102)
Student & Instruction Related Services	488,316		20,672		(467,644)		(467,644)
General Administrative Services	125,276				(125,276)		(125,276)
School Administrative Services	250,872		19,414		(231,458)		(231,458)
Central Services	151,668				(151,668)		(151,668)
Plant Operations and Maintenance	402,785				(402,785)		(402,785)
Pupil Transportation	282,605		113,568		(169,037)		(169,037)
Interest on Long-Term Debt	136,054				(136,054)		(136,054)
Capital Outlay	196,465			\$ 82,373	(114,092)		(114,092)
Total Governmental Activities	4,825,641	48,000	696,655	82,373	(3,998,613)		(3,998,613)
Business-Type Activities:							
Food Service	71,413	54,736	16,128			\$ (549)	(549)
Total Business-Type Activities	71,413	54,736	16,128			(549)	(549)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Primary Government	\$ 4,897,054	\$ 102,736	\$ 712,783	\$ 82,373	\$ (3,998,613)	\$ (549)	\$ (3,999,162)
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					3,578,435		3,578,435
Taxes Levied for Debt Service					402,990		402,990
Federal and State Aid not Restricted					288,986		288,986
Interest					1,184	19	1,203
Miscellaneous Income					49,978		49,978
Total General Revenue and Special Items					4,321,573	19	4,321,592
Change in Net Assets Before Cancellations					322,960	(530)	322,430
Cancellation of Prior Year Receivable						(1,105)	(1,105)
Change in Net Assets					322,960	(1,635)	321,325
Net Assets - Beginning					1,574,050	20,208	1,594,258
Net Assets - Ending					\$ 1,897,010	\$ 18,573	\$ 1,915,583

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 195,368			\$ 9,226	\$ 204,594
Interfund Receivable	17,828				17,828
Receivables From Federal Government		\$ 17,828			17,828
Receivables From State Government	65,439				65,439
Restricted Cash and Cash Equivalents	557,784				557,784
Total Assets	\$ 836,419	\$ 17,828	\$ -0-	\$ 9,226	\$ 863,473
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable		\$ 17,828			\$ 17,828
Total Liabilities		17,828			17,828
Fund Balances:					
Restricted:					
Emergency Reserve	201,023				201,023
Capital Reserve	356,761				356,761
Debt Service				\$ 9,226	9,226
Assigned:					
Year-End Encumbrances	48,811				48,811
Unassigned	229,824				229,824
Total Fund Balances	836,419			9,226	845,645
Total Liabilities and Fund Balances	\$ 836,419	\$ 17,828	\$ -0-	\$ 9,226	

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$8,424,656 and the accumulated depreciation is \$4,042,603.	4,382,053
Interest on long term debt is not accrued as expenditures in the Governmental Funds but rather is recognized as an expenditure when due.	(38,667)
Bond Issuance Costs are Reported as expenditures in the Governmental Funds. The Cost is \$60,107 and the Amortization is \$10,018.	50,089
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$191,845 and the Amortization is \$31,974.	(159,871)
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.	(3,182,239)
Net Assets of Governmental Activities	\$ 1,897,010

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 3,578,435			\$ 402,990	\$ 3,981,425
Tuition	48,000				48,000
Interest Earned on Restricted Funds	1,184				1,184
Unrestricted Miscellaneous	49,978	\$ 1,448			51,426
Total - Local Sources	3,677,597	1,448		402,990	4,082,035
State Sources	867,891		\$ 82,373		950,264
Federal Sources		116,302			116,302
Total Revenue	4,545,488	117,750	82,373	402,990	5,148,601
EXPENDITURES					
Current:					
Regular Instruction	1,416,514	48,730			1,465,244
Special Education Instruction	188,921	69,020			257,941
Other Special Instruction	28,036				28,036
School Sponsored/Other Instruction	25,738				25,738
Support Services and Undistributed Costs:					
Tuition	218,102				218,102
Student & Instruction Related Services	356,640				356,640
General Administrative Services	114,081				114,081
School Administrative Services	162,639				162,639
Central Services	123,308				123,308
Plant Operations and Maintenance	355,062				355,062
Pupil Transportation	278,728				278,728
Allocated and Unallocated Benefits	862,376				862,376

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 290,000	\$ 290,000
Interest and Other Charges				128,822	128,822
Capital Outlay	\$ 48,310		\$ 205,913		254,223
Total Expenditures	4,178,455	\$ 117,750	205,913	418,822	4,920,940
Excess/(Deficit) of Revenue over/(under) Expenditures	367,033		(123,540)	(15,832)	227,661
OTHER FINANCING SOURCES/(USES)					
Transfers In			123,540		123,540
Transfers Out	(123,540)				(123,540)
Total Other Financing Sources/(Uses)	(123,540)		123,540		
Net Change in Fund Balances	243,493			(15,832)	227,661
Fund Balance—July 1	592,926			25,058	617,984
Fund Balance—June 30	\$ 836,419	\$ -0-	\$ -0-	\$ 9,226	\$ 845,645

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 227,661

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

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

	Depreciation expense	\$ (238,915)	
	Capital outlays	57,758	
			(181,157)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) (6,312)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. (+) 290,000

The governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities over the life of the bonds. (+) (5,009)

Also, the governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (+) 15,987

Finally, the governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-) (18,376)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 166

Changes in Net Assets for Governmental Activities \$ 322,960

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,716
Intergovernmental Accounts Receivable:	
Federal	692
State	71
Accounts Receivable - Other	1,611
Inventories	<u>6,469</u>
Total Current Assets	<u>10,559</u>
Non-Current Assets:	
Capital Assets:	94,835
Less: Accumulated Depreciation	<u>(82,645)</u>
Total Non-Current Assets	<u>12,190</u>
Total Assets	<u>22,749</u>
LIABILITIES:	
Current Liabilities:	
Deferred Revenue	<u>4,176</u>
Total Liabilities	<u>4,176</u>
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	12,190
Unrestricted	<u>6,383</u>
Total Net Assets	<u><u>\$ 18,573</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 41,011
Daily Sales - Non - Reimbursable Programs	13,725
Total Operating Revenue	54,736
Operating Expenses:	
Cost of Sales	24,775
Salaries, Benefits & Payroll Taxes	25,903
Supplies, Insurance & Other Costs	5,990
Management Fee	11,188
Miscellaneous/Other	3,291
Depreciation Expense	266
Total Operating Expenses	71,413
Operating Loss	(16,677)
Non-Operating Income:	
Local Sources:	
Interest Income	19
State Sources:	
State School Lunch Program	798
Federal Sources:	
National School Lunch Program	9,168
Special Milk Program	174
Food Distribution Program	5,988
Total Non-Operating Income	16,147
Change in Net Assets before Cancellations	(530)
Cancellation of Accounts Receivable - Other	(1,105)
Change in Net Assets	(1,635)
Net Assets - Beginning of Year	20,208
Net Assets - End of Year	\$ 18,573

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 54,736
Collection of Prior Year Accounts Receivable - Other	2,000
Payments to Food Service Vendor	(66,571)
Payments to Suppliers and Other Expenses	(423)
Net Cash Used for Operating Activities	<u>(10,258)</u>
Cash Flows Provided By Investing Activities:	
Local Sources:	
Interest Income	19
Net Cash Provided by Investing Activities	<u>19</u>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	11,563
Net Cash Provided by Noncapital Financing Activities	<u>11,563</u>
Net Increase in Cash and Cash Equivalents	1,324
Cash and Cash Equivalents, July 1	<u>392</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,716</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (16,677)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation Expense	266
Food Distribution Program	5,988
Accounts Receivable - Other Cancelled	(1,105)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable - Other	1,494
Increase in Deferred Revenue	845
(Increase) in Inventory	(1,069)
Net Cash Used for Operating Activities	<u>\$ (10,258)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$6,833 and utilized commodities from the Federal Food Distribution Program valued at \$5,988 for the fiscal year ended June 30, 2011.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 20,165	\$ 83,947
Total Assets	20,165	83,947
LIABILITIES:		
Due to Student Groups	20,165	
Total Liabilities	20,165	
NET ASSETS:		
Held in Trust for Unemployment Claims		83,947
Total Net Assets	\$ -0-	\$ 83,947

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Plan Members	\$ 4,440
Board Contribution	<u>20,000</u>
Total Contributions	<u>24,440</u>
Investment Earnings:	
Interest	<u>538</u>
Net Investment Earnings	<u>538</u>
Total Additions	<u>24,978</u>
Deductions	
Unemployment Compensation Claims	<u>9,286</u>
Total Deductions	<u>9,286</u>
Change in Net Assets	15,692
Net Assets - Beginning of the Year	<u>68,255</u>
Net Assets - End of the Year	<u><u>\$ 83,947</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in the Township of Lafayette. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the two last state aid payments in the subsequent fiscal year, the District cannot recognize the payments on the GAAP financial statements.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 4,522,736	\$ 117,750
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	71,479	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(48,727)	
	\$ 4,545,488	\$ 117,750
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,178,455	\$ 117,750
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 4,178,455	\$ 117,750

E. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue and bond issuance costs as expenditures in 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.

M. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over a ten- month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2011.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's policies and agreements. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts and union agreements.

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

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$836,419 General Fund fund balance at June 30, 2011, \$48,811 is assigned for year-end encumbrances, \$356,761 is restricted in the capital reserve account, \$201,023 is restricted in the emergency reserve account, and there is \$229,824 in unassigned fund balance.

Debt Service Fund: The entire \$9,226 Debt Service Fund balance at June 30, 2011 is restricted. \$9,225 of this total fund balance has been appropriated and included in the budget for the year ending June 30, 2012.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2011 or June 30, 2010.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$48,727 as of June 30, 2011 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments noted above.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes 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.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, an emergency reserve and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances at June 30, 2011.

R. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

S. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

T. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section on Investments.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	Cash and Cash Equivalents	Capital and Emergency Reserve Accounts	Total
Checking Accounts	\$ 310,422	\$ 557,784	\$ 868,206

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$868,206 and the bank balance was \$903,605.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account in the amount of \$1 was established by Board resolution on October, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010		\$ 254,965
Deposits:		
Interest Earnings	\$ 336	
Board Resolution - June 2011	<u>225,000</u>	
		<u>225,336</u>
		480,301
Withdrawals:		
Budgeted Withdrawal	<u>123,540</u>	
		<u>123,540</u>
Ending Balance, June 30, 2011		<u><u>\$ 356,761</u></u>

The balance in the capital reserve at June 30, 2011 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan. The withdrawal from the capital reserve was for use in a DOE approved facilities project, consistent with the District's LRFP.

NOTE 5. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established on June 16, 2009 by the Lafayette Township School District by inclusion of \$25,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010		\$ 100,175
Deposits:		
Board Resolution - June 2011		<u>100,000</u>
		200,175
Interest Earnings		<u>848</u>
Ending Balance, June 30, 2011		<u><u>\$ 201,023</u></u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 80,000			\$ 80,000
Total Capital Assets Not Being Depreciated	<u>80,000</u>			<u>80,000</u>
Capital Assets Being Depreciated:				
Site Improvements	186,942			186,942
Buildings and Building Improvements	7,165,747			7,165,747
Machinery and Equipment	937,947	\$ 57,758	\$ (3,738)	991,967
Total Capital Assets Being Depreciated	<u>8,290,636</u>	<u>57,758</u>	<u>(3,738)</u>	<u>8,344,656</u>
Governmental Activities Capital Assets	<u>8,370,636</u>	<u>57,758</u>	<u>(3,738)</u>	<u>8,424,656</u>
Less Accumulated Depreciation for:				
Site Improvements	(83,636)	(10,017)		(93,653)
Buildings and Building Improvements	(2,999,720)	(181,096)		(3,180,816)
Machinery and Equipment	(724,070)	(47,802)	3,738	(768,134)
	<u>(3,807,426)</u>	<u>(238,915)</u>	<u>3,738</u>	<u>(4,042,603)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,563,210</u>	<u>\$ (181,157)</u>	<u>\$ -0-</u>	<u>\$ 4,382,053</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 94,835			\$ 94,835
Less Accumulated Depreciation	<u>(82,379)</u>	<u>\$ (266)</u>		<u>(82,645)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,456</u>	<u>\$ (266)</u>	<u>\$ -0-</u>	<u>\$ 12,190</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 136,181
Special Education	26,281
Student and Other Instruction Related Services	35,837
School Administration	28,670
Operations and Maintenance of Plant	<u>11,946</u>
	<u>\$ 238,915</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2010</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Serial Bonds Payable	\$ 3,625,000		\$ 290,000	\$ 3,335,000
Less: Deferred Amount on Refunding	<u>(202,137)</u>		<u>(18,376)</u>	<u>(183,761)</u>
Net Serial Bonds Payable	3,422,863		271,624	3,151,239
Compensated Absences Payable	<u>24,688</u>	<u>\$ 6,332</u>	<u>20</u>	<u>31,000</u>
	<u>\$ 3,447,551</u>	<u>\$ 6,332</u>	<u>\$ 271,644</u>	<u>\$ 3,182,239</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2011 as follows:

	<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Final</u> <u>Maturity</u>	<u>Amount</u>
Refunding Bonds	01/07/10	2.00% - 5.00%	03/01/21	<u>\$ 3,335,000</u>

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

<u>Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 300,000	\$ 116,000	\$ 416,000
2013	310,000	107,000	417,000
2014	325,000	97,800	422,800
2015	330,000	91,300	421,300
2016	340,000	83,875	423,875
2017-21	<u>1,730,000</u>	<u>231,800</u>	<u>1,961,800</u>
	<u>\$ 3,335,000</u>	<u>\$ 727,775</u>	<u>\$ 4,062,775</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

On January 7, 2010, the Lafayette Township School District issued \$3,405,000 refunding bonds with interest rates ranging from 2.00% to 5.00% to advance refund \$3,307,000 school bonds with interest rates of 4.65% to 4.875%. The refunding bonds mature on March 1, 2010 through 2021. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on March 1, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements. Bond issuance costs are expenditures in the fund financial statements; but are amortized over the life of the shorter of the refunding issue or the refunded issues in the district-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$239,415, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$158,413 or 4.79 percent.

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2011, the Board had no capital leases payable.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the liability for compensated absences. The entire \$31,000 is a long-term liability.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable. The Debt Service Fund will be used to liquidate the Serial Bonds.

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2011, the District transferred \$126,662 to the capital outlay accounts. \$56,662 of the transfer was made for equipment and thus did not require approval by the County Superintendent. The remaining \$70,000 was an additional appropriation of the Capital Reserve Fund which, in turn, was transferred to the Capital Projects Fund to fund the School Development Project. The additional appropriation was approved by board resolution.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District Contributions to PERS amounted to \$36,682, \$31,851 and \$22,883 for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey contributed \$-0-, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

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

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$134,413, \$139,194 and \$133,630 for 2011, 2010 and 2009, respectively.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained their health benefit coverage through the State of NJ Health Benefits Plan.

Property and Liability Insurance

The Lafayette Township School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2011 audit report is not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2010 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 34,204,943
Net Assets	\$ 12,737,759
Total Revenue	\$ 29,467,938
Total Expenses	\$ 29,997,505
Change in Net Assets	\$ (529,567)
Net Assets Distribution to Participating Members	\$ 1,150,000

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive, Suite B-40
West Windsor, NJ 08550

New Jersey Unemployment Compensation Insurance

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

The following is a summary of the District's contributions, employee contributions and interest earned, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 20,000	\$ 4,978	\$ 9,286	\$ 83,947
2010	10,000	5,270	223	68,255
2009	10,000	5,431	655	53,208

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 17,828	
Special Revenue		\$ 17,828
	<u>\$ 17,828</u>	<u>\$ 17,828</u>

The interfund receivable in the General Fund is due to a cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursements on federal grants.

NOTE 13. ECONOMIC DEPENDENCY

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is Equitable Life Assurance.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in various lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2011, there were encumbrances in the governmental funds, general fund of \$48,811. All of the governmental funds are considered to be major funds.

NOTE 16. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

BUDGETARY COMPARISON SCHEDULES

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,578,435		\$ 3,578,435	\$ 3,578,435	
Tuition				48,000	\$ 48,000
Interest Earned on Emergency Reserve Funds	250		250	848	598
Interest Earned on Capital Reserve Funds				336	336
Unrestricted Miscellaneous Revenue	8,824		8,824	49,978	41,154
Total - Local Sources	<u>3,587,509</u>		<u>3,587,509</u>	<u>3,677,597</u>	<u>90,088</u>
State Sources:					
Categorical Special Education Aid	124,536		124,536	124,536	
Categorical Security Aid	16,592		16,592	16,592	
Adjustment Aid	253,338		253,338	253,338	
Categorical Transportation Aid	108,249		108,249	108,249	
Extraordinary Aid				54,749	54,749
Nonpublic Transportation Aid				3,785	3,785
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				6,328	6,328
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				134,413	134,413
TPAF Social Security (Reimbursed - Non-Budgeted)				143,149	143,149
Total State Sources	<u>502,715</u>		<u>502,715</u>	<u>845,139</u>	<u>342,424</u>
TOTAL REVENUES	<u>4,090,224</u>		<u>4,090,224</u>	<u>4,522,736</u>	<u>432,512</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	82,680	(3,680)	79,000	78,107	893
Grades 1-5 - Salaries of Teachers	822,000	15,019	837,019	829,675	7,344
Grades 6-8 - Salaries of Teachers	402,000	(17,700)	384,300	382,537	1,763

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 2,000		\$ 2,000		\$ 2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	46,000	\$ (9,000)	37,000	\$ 27,394	9,606
Other Purchased Services (400-500 series)	21,250		21,250	10,636	10,614
General Supplies	59,425	28,200	87,625	74,655	12,970
Textbooks	15,000		15,000	13,510	1,490
Total Regular Programs - Instruction	<u>1,450,355</u>	<u>12,839</u>	<u>1,463,194</u>	<u>1,416,514</u>	<u>46,680</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	142,000		142,000	141,710	290
Other Salaries for Instruction	12,000		12,000		12,000
General Supplies	2,000		2,000	2,000	
Total Learning and/or Language Disabilities	<u>156,000</u>		<u>156,000</u>	<u>143,710</u>	<u>12,290</u>
Resource Room/Resource Center:					
Salaries of Teachers	56,000		56,000	44,392	11,608
General Supplies	1,000		1,000	819	181
Total Resource Room/Resource Center	<u>57,000</u>		<u>57,000</u>	<u>45,211</u>	<u>11,789</u>
Total Special Education Instruction	<u>213,000</u>		<u>213,000</u>	<u>188,921</u>	<u>24,079</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	21,658		21,658	21,658	
General Supplies	500		500	442	58
Total Basic Skills/Remedial - Instruction	<u>22,158</u>		<u>22,158</u>	<u>22,100</u>	<u>58</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 12,250		\$ 12,250	\$ 11,605	\$ 645
Total School-Sponsored Cocurricular Activities - Instruction	<u>12,250</u>		<u>12,250</u>	<u>11,605</u>	<u>645</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	13,570		13,570	12,633	937
Purchased Services (300-500 series)	1,900		1,900	1,500	400
Total School-Sponsored Cocurricular Athletics - Instruction	<u>15,470</u>		<u>15,470</u>	<u>14,133</u>	<u>1,337</u>
Other Instructional Programs					
Other Objects	9,100		9,100	5,936	3,164
Total Other Instructional Programs	<u>9,100</u>		<u>9,100</u>	<u>5,936</u>	<u>3,164</u>
Total Instruction	<u>1,722,333</u>	\$ 12,839	<u>1,735,172</u>	<u>1,659,209</u>	<u>75,963</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	200,000	18,200	218,200	218,102	98
Total Undistributed Expenditures - Instruction	<u>200,000</u>	<u>18,200</u>	<u>218,200</u>	<u>218,102</u>	<u>98</u>
Health Services:					
Salaries	54,750		54,750	54,748	2
Purchased Professional and Technical Services	7,000		7,000	5,646	1,354
Supplies and Materials	1,200		1,200	1,085	115
Total Health Services	<u>62,950</u>		<u>62,950</u>	<u>61,479</u>	<u>1,471</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 70,000	\$ (2,000)	\$ 68,000	\$ 64,593	\$ 3,407
Purchased Professional - Educational Services	40,000	(5,493)	34,507	10,965	23,542
Supplies and Materials	600		600	600	
Total Speech, OT, PT and Related Services	<u>110,600</u>	<u>(7,493)</u>	<u>103,107</u>	<u>76,158</u>	<u>26,949</u>
Other Support Service- Extraordinary Services					
Salaries	39,000	(2,050)	36,950	36,199	751
Purchased Professional - Educational Services		4,050	4,050	3,490	560
Total Other Support Services - Students - Extraordinary Services	<u>39,000</u>	<u>2,000</u>	<u>41,000</u>	<u>39,689</u>	<u>1,311</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	20,557	(20,557)			
Supplies and Materials	500	(500)			
Total Other Support Services - Students - Guidance	<u>21,057</u>	<u>(21,057)</u>			
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	82,000	21,057	103,057	101,709	1,348
Salaries of Secretarial and Clerical Assistants	14,000	2,500	16,500	15,542	958
Purchased Professional Educational Services	5,000	(2,700)	2,300	500	1,800
Miscellaneous Purchased Services (400-500 series)	350		350		350
Supplies and Materials	1,000	200	1,200	1,200	
Total Other Support Services - Students - Child Study Team	<u>102,350</u>	<u>21,057</u>	<u>123,407</u>	<u>118,951</u>	<u>4,456</u>
Improvement of Instructional Services:					
Purchased Professional Educational Services	14,500	2,193	16,693	16,693	
Total Improvement of Instructional Services	<u>14,500</u>	<u>2,193</u>	<u>16,693</u>	<u>16,693</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 30,600		\$ 30,600	\$ 30,600	
Supplies and Materials	8,400		8,400	7,508	\$ 892
Total Educational Media Services/School Library	<u>39,000</u>		<u>39,000</u>	<u>38,108</u>	<u>892</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	4,000	\$ (1,000)	3,000	2,060	940
Other Purchased Services (400-500 series)	3,000	1,000	4,000	3,502	498
Total Instructional Staff Training Services	<u>7,000</u>		<u>7,000</u>	<u>5,562</u>	<u>1,438</u>
Support Services - General Administration:					
Salaries	56,650	(5,200)	51,450	45,184	6,266
Legal Services	4,000	3,200	7,200	5,138	2,062
Audit Fees	13,500	(500)	13,000	13,000	
Other Purchased Professional Services	15,390	500	15,890	15,169	721
Communications/Telephone	10,100	1,500	11,600	10,745	855
BOE Other Purchased Services	2,040		2,040	16	2,024
Other Purchased Services (400-500 series)	14,000	(100)	13,900	13,135	765
General Supplies	1,000		1,000	977	23
BOE In-house Training/ Meeting Supplies	400		400		400
Miscellaneous Expenditures	8,000	1,000	9,000	7,500	1,500
Board of Education Membership Dues and Fees	4,000	(400)	3,600	3,217	383
Total Support Services - General Administration	<u>129,080</u>		<u>129,080</u>	<u>114,081</u>	<u>14,999</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 129,170	\$ (4,170)	\$ 125,000	\$ 123,403	\$ 1,597
Salaries of Secretarial and Clerical Assistants	35,000	4,170	39,170	38,642	528
Other Purchased Services (400-500 series)	200		200		200
Supplies and Materials	750		750	594	156
Total Support Services - School Administration	165,120		165,120	162,639	2,481
Support Services - Central Services:					
Salaries	118,500	100	118,600	114,467	4,133
Purchased Professional Services	8,500	(2,600)	5,900	3,190	2,710
Purchased Technical Services	1,575		1,575	1,380	195
Miscellaneous Purchased Services (400-500 series)	200		200		200
Supplies and Materials	1,000	2,500	3,500	3,037	463
Miscellaneous Expenditures	1,295		1,295	1,234	61
Total Support Services - Central Services	131,070		131,070	123,308	7,762
Required Maintenance of School Facilities:					
Salaries	26,400		26,400	26,400	
Cleaning, Repair and Maintenance Services	30,000		30,000	26,785	3,215
Total Required Maintenance of School Facilities	56,400		56,400	53,185	3,215

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 128,575	\$ (10,400)	\$ 118,175	\$ 118,001	\$ 174
Cleaning, Repair and Maintenance Services	20,000		20,000	12,105	7,895
Insurance	14,800		14,800	14,800	
Miscellaneous Purchased Services	400		400		400
General Supplies	18,000	10,400	28,400	24,693	3,707
Energy (Electricity)	98,000		98,000	67,278	30,722
Other Objects	425		425		425
Energy (Oil)	65,000		65,000	65,000	
Total Custodial Services	345,200		345,200	301,877	43,323
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Regular	15,650		15,650	15,650	
Contracted Services:					
Other than Between Home and School - Vendors	17,000		17,000	11,715	5,285
Between Home and School - Joint Agreements	207,878	(3,000)	204,878	182,880	21,998
Special Education Students - Joint Agreements	32,500		32,500	32,500	
Special Education Students - ESCs & CTSA's	31,000		31,000	26,027	4,973
Aid in Lieu of Payments - Non Public Students	10,608		10,608	7,956	2,652
Miscellaneous Expenditures		3,000	3,000	2,000	1,000
Total Student Transportation Services	314,636		314,636	278,728	35,908

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 42,500	\$ 1,500	\$ 44,000	\$ 43,712	\$ 288
Other Retirement Contributions - Regular	37,000		37,000	36,682	318
Unemployment Compensation	20,000		20,000	20,000	
Workmen's Compensation	34,750		34,750	34,750	
Health Benefits	460,000	(26,362)	433,638	431,518	2,120
Tuition Reimbursement	5,700		5,700	3,452	2,248
Other Employee Benefits	32,000	(16,200)	15,800	8,372	7,428
Total Unallocated Benefits	<u>631,950</u>	<u>(41,062)</u>	<u>590,888</u>	<u>578,486</u>	<u>12,402</u>
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				6,328	(6,328)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				134,413	(134,413)
TPAF Social Security (Reimbursed - Non-Budgeted)				143,149	(143,149)
Total On-Behalf Contributions				<u>283,890</u>	<u>(283,890)</u>
Total Personal Services - Employee Benefits	<u>631,950</u>	<u>(41,062)</u>	<u>590,888</u>	<u>862,376</u>	<u>(271,488)</u>
Total Undistributed Expenses	<u>2,369,913</u>	<u>(26,162)</u>	<u>2,343,751</u>	<u>2,470,936</u>	<u>(127,185)</u>
TOTAL CURRENT EXPENSE	<u>4,092,246</u>	<u>(13,323)</u>	<u>4,078,923</u>	<u>4,130,145</u>	<u>(51,222)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures - Instruction		32,162	32,162	12,073	20,089
Undistributed Expenditures - Health Services		3,300	3,300	3,253	47
General Administration	9,874	21,200	31,074	17,566	13,508
Total Equipment	<u>9,874</u>	<u>56,662</u>	<u>66,536</u>	<u>32,892</u>	<u>33,644</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Other Objects	\$ 15,418		\$ 15,418	\$ 15,418	
Total Facilities Acquisition and Construction Services	15,418		15,418	15,418	
TOTAL CAPITAL OUTLAY	25,292	\$ 56,662	81,954	48,310	\$ 33,644
TOTAL EXPENDITURES	4,117,538	43,339	4,160,877	4,178,455	(17,578)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(27,314)	(43,339)	(70,653)	344,281	414,934
Other Financing Uses:					
Capital Reserve - Transfer to Capital Projects	(162,000)	(70,000)	(232,000)	(123,540)	(108,460)
Total Other Financing Uses	(162,000)	(70,000)	(232,000)	(123,540)	(108,460)
Excess (Deficiency) of Revenues Over/(Under) Other Financing Uses	(189,314)	(113,339)	(302,653)	220,741	306,474
Fund Balance, July 1	664,405		664,405	664,405	
Fund Balance, June 30	\$ 475,091	\$ (113,339)	\$ 361,752	\$ 885,146	\$ 306,474
<u>Recapitulation:</u>					
Restricted:					
Emergency Reserve				\$ 201,023	
Capital Reserve				356,761	
Assigned:					
Year-End Encumbrances				48,811	
Unassigned				278,551	
				885,146	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(48,727)	
Fund Balance per Governmental Funds (GAAP)				\$ 836,419	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES:				
Federal Sources	\$ 60,000	\$ 56,302	\$ 116,302	\$ 116,302
Local Sources		1,448	1,448	1,448
Total Revenues	<u>60,000</u>	<u>57,750</u>	<u>117,750</u>	<u>117,750</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers		37,183	37,183	37,183
Other Salaries for Instruction	60,000	5,983	65,983	65,983
General Supplies		1,448	1,448	1,448
Total Instruction	<u>60,000</u>	<u>44,614</u>	<u>104,614</u>	<u>104,614</u>
Support Services:				
Personal Services - Employee Benefits		2,722	2,722	2,722
Purchased Professional - Educational Services		4,000	4,000	4,000
Other Purchased Professional Services		3,548	3,548	3,548
Supplies and Materials		2,866	2,866	2,866
Total Support Services		<u>13,136</u>	<u>13,136</u>	<u>13,136</u>
Total Expenditures	<u>\$ 60,000</u>	<u>\$ 57,750</u>	<u>\$ 117,750</u>	<u>\$ 117,750</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 4,522,736	\$ 117,750
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	71,479	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements .	<u>(48,727)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 4,545,488</u>	<u>\$ 117,750</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 4,178,455</u>	<u>\$ 117,750</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,178,455</u>	<u>\$ 117,750</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>No Child Left Behind</u>			<u>Small Rural School Achievement</u>	<u>Local Textbook Grant</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>Title IID</u>		
REVENUE:					
Local Sources					\$ 1,448
Federal Sources	\$ 5,232	\$ 7,366	\$ 11	\$ 34,673	
Total Revenue	<u>5,232</u>	<u>7,366</u>	<u>11</u>	<u>34,673</u>	<u>1,448</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	4,875			32,308	
Other Salaries for Instruction					
General Supplies					1,448
Total Instruction	<u>4,875</u>			<u>32,308</u>	<u>1,448</u>
Support Services:					
Personal Services - Employee Benefits	357			2,365	
Purchased Professional Educational Services		4,000			
Other Purchased Professional Services		500	11		
Supplies and Materials		2,866			
Total Support Services	<u>357</u>	<u>7,366</u>	<u>11</u>	<u>2,365</u>	
Total Expenditures	<u>\$ 5,232</u>	<u>\$ 7,366</u>	<u>\$ 11</u>	<u>\$ 34,673</u>	<u>\$ 1,448</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>IDEA, Part B</u>		<u>Totals</u>
	<u>Basic</u>	<u>Preschool</u>	<u>June 30, 2010</u>
REVENUE:			
Local Sources			\$ 1,448
Federal Sources	\$ 65,983	\$ 3,037	116,302
Total Revenue	<u>65,983</u>	<u>3,037</u>	<u>117,750</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			37,183
Other Salaries for Instruction	65,983		65,983
General Supplies			1,448
Total Instruction	<u>65,983</u>		<u>104,614</u>
Support Services:			
Personal Services - Employee Benefits			2,722
Purchased Professional Educational Services			4,000
Other Purchased Professional Services		3,037	3,548
Supplies and Materials			2,866
Total Support Services		<u>3,037</u>	<u>13,136</u>
Total Expenditures	<u>\$ 65,983</u>	<u>\$ 3,037</u>	<u>\$ 117,750</u>

CAPITAL PROJECTS FUND

Exhibit F-1

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenue and Other Financing Sources	
State Sources - SDA Grant	\$ 82,373
Transfer from Capital Reserve	123,540
	<hr/>
Total Revenue and Other Financing Sources	205,913
	<hr/>
Expenditures :	
Purchased Professional Services	18,625
Construction Services	187,288
	<hr/>
Total Expenditures	205,913
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	
Fund Balance - Beginning of Year	<hr/> -0-
Fund Balance - End of Year	<hr/> \$ -0-

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Original Project Authorization</u>	<u>Revisions</u>	<u>Final Project Authorization</u>
Revenue and Other Financing Sources:						
State Sources - SDA Grant		\$ 82,373	\$ 82,373	\$ 134,182	\$ (51,809)	\$ 82,373
Transfer from Capital Reserve		123,540	123,540	201,272	(77,732)	123,540
Total Revenue and Other Financing Sources		<u>205,913</u>	<u>205,913</u>	<u>335,454</u>	<u>(129,541)</u>	<u>205,913</u>
Expenditures:						
Purchased Professional Services		18,625	18,625	20,000	(1,375)	18,625
Construction Services		187,288	187,288	286,776	(99,488)	187,288
Other Objects				28,678	(28,678)	
Total Expenditures		<u>205,913</u>	<u>205,913</u>	<u>335,454</u>	<u>(129,541)</u>	<u>205,913</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	2490-050-01-1001-G0IY
Grant Date	11/15/2010
Original Authorized Cost	\$ 335,454
Adjustments	(129,541)
Revised Authorized Cost	<u>\$ 205,913</u>
Percentage Completion	100.00%
Original Target Completion Date	6/30/2011

PROPRIETARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 1,716
Intergovernmental Receivable:	
Federal	692
State	71
Accounts Receivable - Other	1,611
Inventories	6,469

Total Current Assets	<u>10,559</u>
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Non-Current Assets:

Capital Assets	94,835
Less: Accumulated Depreciation	<u>(82,645)</u>

Total Non-Current Assets	<u>12,190</u>
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Total Assets	<u>22,749</u>
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LIABILITIES:

Current Liabilities:

Deferred Revenue	<u>4,176</u>
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Total Current Liabilities	<u>4,176</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	12,190
Unrestricted	<u>6,383</u>

Total Net Assets	<u>\$ 18,573</u>
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LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 41,011
Daily Sales - Non-Reimbursable Programs	13,725
	<hr/>
Total Operating Revenue	54,736
	<hr/>
Operating Expenses:	
Cost of Sales	24,775
Salaries, Benefits & Payroll Taxes	25,903
Supplies, Insurance & Other Costs	5,990
Management Fee	11,188
Miscellaneous/Other	3,291
Depreciation Expense	266
	<hr/>
Total Operating Expenses	71,413
	<hr/>
Operating Loss	(16,677)
Non-Operating Income:	
Local Sources:	
Interest Income	19
State Sources:	
State School Lunch Program	798
Federal Sources:	
National School Lunch Program	9,168
Special Milk Program	174
Food Distribution Program	5,988
	<hr/>
Total Non-Operating Income	16,147
	<hr/>
Change in Net Assets Before Cancellations	(530)
	<hr/>
Cancellation of Accounts Receivable - Other	(1,105)
	<hr/>
Change in Net Assets	(1,635)
	<hr/>
Net Assets - Beginning of Year	20,208
	<hr/>
Net Assets - End of Year	\$ 18,573
	<hr/> <hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 54,736
Collection of Prior Year Accounts Receivable - Other	2,000
Payments to Food Service Vendor	(66,571)
Payments to Suppliers and Other Expenses	(423)
	<hr/>
Net Cash Used for Operating Activities	(10,258)
	<hr/>
Cash Flows provided for Investing Activities:	
Local Sources:	
Interest Income	19
	<hr/>
Net Cash Provided by Investing Activities	19
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	11,563
	<hr/>
Net Cash Provided by Noncapital Financing Activities	11,563
	<hr/>
Net Increase in Cash and Cash Equivalents	1,324
Cash and Cash Equivalents, July 1	392
	<hr/>
Cash and Cash Equivalents, June 30	\$ 1,716
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (16,677)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	266
Food Distribution Program	5,988
Accounts Receivable - Other Cancelled	(1,105)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable - Other	1,494
Increase in Deferred Revenue	845
(Increase) in Inventory	(1,069)
	<hr/>
Net Cash Used for Operating Activities	\$ (10,258)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$6,833 and utilized commodities from the Federal Food Distribution Program valued at \$5,988 for the fiscal year ended June 30, 2011.

FIDUCIARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Student Activities</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ASSETS:				
Cash and Cash Equivalents	\$ 20,165	\$ 20,165	\$ 83,947	\$ 104,112
Total Assets	<u>20,165</u>	<u>20,165</u>	<u>83,947</u>	<u>104,112</u>
LIABILITIES:				
Due to Student Groups	<u>20,165</u>	<u>20,165</u>		<u>20,165</u>
Total Liabilities	<u>20,165</u>	<u>20,165</u>		<u>20,165</u>
NET ASSETS:				
Held in Trust for Unemployment Claims			<u>83,947</u>	<u>83,947</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 83,947</u>	<u>\$ 83,947</u>

Exhibit H-2

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Plan Members	\$ 4,440
Board Contribution	<u>20,000</u>
Total Contributions	<u>24,440</u>
Investment Earnings:	
Interest	<u>538</u>
Net Investment Earnings	<u>538</u>
Total Additions	<u>24,978</u>
Deductions	
Unemployment Compensation Claims	<u>9,286</u>
Total Deductions	<u>9,286</u>
Change in Net Assets	15,692
Net Assets - Beginning of the Year	<u>68,255</u>
Net Assets - End of the Year	<u><u>\$ 83,947</u></u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 21,287	\$ 56,291	\$ 57,413	\$ 20,165
Total Assets	<u>\$ 21,287</u>	<u>\$ 56,291</u>	<u>\$ 57,413</u>	<u>\$ 20,165</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 21,287	\$ 56,291	\$ 57,413	\$ 20,165
Total Liabilities	<u>\$ 21,287</u>	<u>\$ 56,291</u>	<u>\$ 57,413</u>	<u>\$ 20,165</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary School:				
Student Activities	\$ 12,716	\$ 30,179	\$ 31,231	\$ 11,664
Fundraiser	7,956	24,612	24,747	7,821
Referee	615	1,500	1,435	680
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 21,287</u>	<u>\$ 56,291</u>	<u>\$ 57,413</u>	<u>\$ 20,165</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,311	\$ 2,679,251	\$ 2,682,562	\$ - 0 -
Total Assets	<u>\$ 3,311</u>	<u>\$ 2,679,251</u>	<u>\$ 2,682,562</u>	<u>\$ - 0 -</u>
<u>LIABILITIES:</u>				
Payroll Deduction and Withholdings	\$ 3,311	\$ 2,679,251	\$ 2,682,562	\$ - 0 -
Total Liabilities	<u>\$ 3,311</u>	<u>\$ 2,679,251</u>	<u>\$ 2,682,562</u>	<u>\$ - 0 -</u>

LONG-TERM DEBT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2010	Retired or Matured	Balance June 30, 2011
			Date	Amount				
Additions and Renovations	03/01/01	\$ 4,477,000				\$ 265,000	\$ 265,000	
Refunded Bonds	01/07/10	3,405,000	03/01/12	\$ 100,000	2.00%			
			03/01/12	200,000	3.50%			
			03/01/13	160,000	2.00%			
			03/01/13	150,000	4.00%			
			03/01/14	325,000	2.00%			
			03/01/15	330,000	2.25%			
			03/01/16	90,000	2.50%			
			03/01/16	250,000	3.25%			
			03/01/17	140,000	3.00%			
			03/01/17	205,000	4.00%			
			03/01/18	155,000	3.00%			
			03/01/18	200,000	4.00%			
			03/01/19	100,000	3.25%			
			03/01/19	260,000	4.50%			
	03/01/20	365,000	5.00%					
	03/01/21	305,000	5.00%					
						<u>\$ 3,360,000</u>	<u>25,000</u>	<u>\$ 3,335,000</u>
						<u>\$ 3,625,000</u>	<u>\$ 290,000</u>	<u>\$ 3,335,000</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 402,990		\$ 402,990	\$ 402,990	
Total Revenue	<u>402,990</u>		<u>402,990</u>	<u>402,990</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	128,823		128,823	128,822	\$ 1
Redemption of Principal	290,000		290,000	290,000	
Total Regular Debt Service	<u>418,823</u>		<u>418,823</u>	<u>418,822</u>	<u>1</u>
Total Expenditures	<u>418,823</u>		<u>418,823</u>	<u>418,822</u>	<u>1</u>
Excess of Revenue Over Expenditures	(15,833)		(15,833)	(15,832)	1
Fund Balance, July 1	<u>25,058</u>		<u>25,058</u>	<u>25,058</u>	
Fund Balance, June 30	<u>\$ 9,225</u>	<u>\$ -0-</u>	<u>\$ 9,225</u>	<u>\$ 9,226</u>	<u>\$ 1</u>

Recapitulation

Assigned - Designated for Subsequent Year's Expenditures
 Committed - Other Purposes

\$ 9,225
<u>1</u>
<u>\$ 9,226</u>

STATISTICAL SECTION

This part of the School'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 School's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2004.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 2,793,333	\$ 2,750,131	\$ 2,707,569	\$ 823,893	\$ 835,483	\$ 899,632	\$ 1,140,347	\$ 1,230,814
Restricted	233,515	253,947	274,685	152,124	133,029	180,971	402,762	615,821
Unrestricted	135,769	99,855	30,270	91,903	89,091	91,562	30,941	50,375
Total Governmental Activities Net Assets	<u>\$ 3,162,617</u>	<u>\$ 3,103,933</u>	<u>\$ 3,012,524</u>	<u>\$ 1,067,921</u>	<u>\$ 1,057,603</u>	<u>\$ 1,172,165</u>	<u>\$ 1,574,050</u>	<u>\$ 1,897,010</u>
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 8,571	\$ 5,891	\$ 6,153	\$ 3,859		\$ 12,722	\$ 12,456	\$ 12,190
Unrestricted	19,846	18,722	15,971	18,958	18,873	10,511	7,752	6,383
Total Business-Type Activities Net Assets	<u>\$ 28,417</u>	<u>\$ 24,613</u>	<u>\$ 22,123</u>	<u>\$ 22,817</u>	<u>\$ 18,873</u>	<u>\$ 23,233</u>	<u>\$ 20,208</u>	<u>\$ 18,573</u>
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$ 2,801,904	\$ 2,756,022	\$ 2,713,722	\$ 827,752	\$ 835,483	\$ 912,354	\$ 1,152,803	\$ 1,243,004
Restricted	233,515	253,947	274,685	152,124	133,029	180,971	402,762	615,821
Unrestricted	155,615	118,577	46,241	110,862	107,964	102,073	38,693	56,758
Total District Net Assets	<u>\$ 3,191,034</u>	<u>\$ 3,128,546</u>	<u>\$ 3,034,647</u>	<u>\$ 1,090,738</u>	<u>\$ 1,076,476</u>	<u>\$ 1,195,398</u>	<u>\$ 1,594,258</u>	<u>\$ 1,915,583</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
Governmental Activities								
Instruction:								
Regular	\$ 2,023,011	\$ 2,145,295	\$ 2,225,850	\$ 2,298,482	\$ 2,465,665	\$ 2,264,250	\$ 2,167,669	\$ 2,136,092
Special Education	354,092	336,133	360,927	319,528	250,287	351,444	490,910	364,819
Other Special Instruction	73,180	74,101	80,088	81,177	62,644	37,970	31,685	37,029
School-Sponsored/Other Instruction						34,736	52,980	35,558
Support Services:								
Tuition	59,054	132,782	97,486	141,628	110,380	232,289	171,849	218,102
Student & Instruction Related Services	459,099	480,703	480,980	547,758	594,282	519,948	546,221	488,316
General and Business Administrative Services	380,856	265,013	295,650	305,042	141,689	123,854	160,836	125,276
School Administrative Services	149,985	206,390	250,370	259,916	258,006	254,875	269,696	250,872
Central Services					157,062	171,423	148,692	151,668
Plant Operations and Maintenance	358,588	355,912	409,868	408,081	410,605	371,628	384,571	402,785
Pupil Transportation	285,178	316,846	319,771	316,280	334,430	370,549	310,307	282,605
Unallocated Depreciation						32,697		
Interest on Long-term Debt	309,774	283,054	257,888	247,909	232,119	188,966	105,807	136,054
Capital Outlay								196,465
Total Governmental Activities Expenses	4,452,818	4,596,229	4,778,878	4,925,803	5,017,168	4,954,629	4,841,223	4,825,641
Business-Type Activities:								
Food Service	100,687	94,676	84,690	83,815	96,461	90,368	77,369	71,413
Total Business-type Activities Expense	100,687	94,676	84,690	83,815	96,461	90,368	77,369	71,413
Total District Expenses	\$ 4,553,505	\$ 4,690,905	\$ 4,863,569	\$ 5,009,618	\$ 5,113,630	\$ 5,044,997	\$ 4,918,592	\$ 4,897,054

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2010
Program Revenues								
Governmental Activities:								
Charges for Services:								
Tuition					\$ 13,613	\$ 30,000	\$ 56,718	\$ 48,000
Operating Grants and Contributions	\$ 491,866	\$ 497,978	\$ 773,904	\$ 342,341	767,342	686,353	779,317	696,655
Capital Grants and Contributions								82,373
Total Governmental Activities Program Revenues	491,866	497,978	773,904	342,341	780,955	716,353	836,035	827,028
Business-Type Activities:								
Charges for Services:								
Food Service	79,947	71,462	63,664	66,080	69,669	65,862	55,210	54,736
Operating Grants and Contributions	21,610	19,093	18,143	18,059	22,465	15,858	19,077	16,128
Total Business-type Activities Program Revenues	101,557	90,555	81,807	84,139	92,134	81,720	74,287	70,864
Total District Program Revenues	\$ 593,423	\$ 588,533	\$ 855,710	\$ 426,480	\$ 873,088	\$ 798,073	\$ 910,322	\$ 897,892
Net (Expense)/Revenue								
Governmental Activities	\$ (3,960,952)	\$ (4,098,250)	\$ (4,004,975)	\$ (4,583,462)	\$ (4,236,214)	\$ (4,238,276)	\$ (4,005,188)	\$ (3,998,613)
Business-type Activities	870	(4,122)	(2,884)	324	(4,328)	(8,648)	(3,082)	(549)
Total District-wide Net Expense	\$ (3,960,082)	\$ (4,102,372)	\$ (4,007,858)	\$ (4,583,137)	\$ (4,240,542)	\$ (4,246,924)	\$ (4,008,270)	\$ (3,999,162)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2010
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied for General Purposes, net	\$ 2,859,000	\$ 2,942,000	\$ 3,090,000	\$ 3,246,725	\$ 3,340,675	\$ 3,474,302	\$ 3,520,000	\$ 3,578,435
Property Taxes Levied for Debt Service	418,917	407,732	386,546	290,920	367,186	437,458	436,065	402,990
Federal and State aid not restricted	576,614	629,099	386,384	917,185	490,705	403,874	430,260	288,986
Tuition	764		3,857	14,319				
Investment Earnings	22,209	14,678	13,490	14,413	19,313	14,536	1,095	1,184
Prior Period and Fixed Assets Adjustments			20,979	(1,572,467)				
Miscellaneous income	12,192	10,364	12,309	9,280	7,517	22,668	19,653	49,978
Other Income					500			
Total Governmental Activities	3,889,696	4,003,873	3,913,566	2,920,374	4,225,896	4,352,838	4,407,073	4,321,573
Business-Type Activities:								
Investment Earnings	473	318	394	370	384	286	57	19
Miscellaneous income/Other	12,192	10,364	12,309	9,280	7,517	12,722		(1,105)
Total Business-Type Activities	12,665	10,682	12,703	9,650	7,901	13,008	57	(1,086)
Total District-Wide	\$ 3,902,362	\$ 4,014,555	\$ 3,926,269	\$ 2,930,024	\$ 4,233,797	\$ 4,365,846	\$ 4,407,130	\$ 4,320,487
Change in Net Assets:								
Governmental Activities	\$ (71,255)	\$ (94,377)	\$ (91,409)	\$ (1,663,087)	\$ (10,318)	\$ 114,562	\$ 401,885	\$ 322,960
Business-type Activities	13,535	6,561	9,820	9,974	3,573	4,360	(3,025)	(1,635)
Total District	\$ (57,720)	\$ (87,817)	\$ (81,589)	\$ (1,653,113)	\$ (6,745)	\$ 118,922	\$ 398,860	\$ 321,325

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Restricted / Reserved	\$ 82,886	\$ 81,134	\$ 104,003	\$ 116,340	\$ 99,028	\$ 180,970	\$ 377,704	\$ 557,784
Assigned								48,811
Unassigned								229,824
Unreserved - Designated for Subsequent Year's Expenditures							5,000	
Unreserved / Undesignated	<u>177,409</u>	<u>153,013</u>	<u>70,717</u>	<u>137,953</u>	<u>226,293</u>	<u>182,332</u>	<u>210,222</u>	
Total General Fund	<u>\$ 260,296</u>	<u>\$ 234,148</u>	<u>\$ 174,720</u>	<u>\$ 254,293</u>	<u>\$ 325,321</u>	<u>\$ 363,302</u>	<u>\$ 592,926</u>	<u>\$ 836,419</u>
All Other Governmental Funds:								
Committed								\$ 1
Assigned								9,225
Unreserved, Reported in:								
Capital Projects Fund	\$ 211,199	\$ 211,199	\$ 201,199	\$ 71,199				
Debt Service Fund	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 25,058</u>	
Total All Other Governmental Funds	<u>\$ 211,201</u>	<u>\$ 211,201</u>	<u>\$ 201,201</u>	<u>\$ 71,200</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 25,058</u>	<u>\$ 9,226</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:								
Tax Levy	\$ 3,349,732	\$ 3,277,917	\$ 3,476,546	\$ 3,537,645	\$ 3,707,861	\$ 3,911,760	\$ 3,956,065	\$ 3,981,425
Tuition Charges		764	3,857	14,319	13,613	30,000	56,718	48,000
Interest Earnings on Restricted Funds	14,678	22,209	13,490	14,413	2,321	2,017	1,095	1,184
Miscellaneous	10,364	12,192	12,309	9,280	25,009	36,759	22,026	51,426
State Sources	980,868	947,112	1,024,240	1,135,781	1,144,769	972,387	1,027,739	950,264
Federal Sources	146,209	121,368	136,048	123,745	113,278	116,268	179,465	116,302
Total Revenue	4,501,851	4,381,563	4,666,491	4,835,183	5,006,851	5,069,191	5,243,108	5,148,601
Expenditures								
Instruction:								
Regular Instruction	1,491,627	1,425,326	1,528,338	1,510,995	1,580,552	1,670,704	1,530,422	1,465,244
Special Education Instruction	221,337	234,763	231,905	196,372	224,805	249,373	374,404	257,941
Other Special Instruction	51,650	52,724	55,212	54,504	58,094	21,993	22,053	28,036
School Sponsored/Other Instruction						34,736	41,520	25,738
Support Services:								
Tuition	132,782	59,054	97,486	141,628	110,380	232,289	171,849	218,102
Student & Instruction Related Services	334,714	328,307	340,886	390,759	433,024	426,944	418,660	356,640
General Administrative Services	208,271	322,154	215,162	216,946	102,382	126,854	148,448	114,081
School Administrative Services	137,256	90,312	168,675	171,336	182,167	176,108	181,624	162,639
Central Services					109,091	116,620	123,670	123,308
Plant Operations and Maintenance	310,289	319,388	359,626	360,180	340,692	336,519	349,459	355,062
Student Transportation	316,236	284,620	319,098	315,532	333,744	370,036	309,979	278,728
Unallocated Benefits	866,352	779,256	974,347	1,071,363	1,089,621	797,547	845,506	862,376
Capital Outlay	11,648	11,648	12,711	18,500	4,085	34,029	59,825	254,223
Debt Service:								
Principal	210,000	210,000	210,000	225,000	235,000	245,000	300,000	290,000
Interest and Other Charges	235,838	249,203	222,473	212,494	203,385	192,458	120,233	128,822
Total Expenditures	4,527,999	4,366,756	4,735,919	4,885,610	5,007,022	5,031,210	4,997,652	4,920,940
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(26,148)	14,806	(69,428)	(50,427)	(171)	37,981	245,456	227,661

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources/(Uses):								
Serial Bonds Defeased							\$ (3,307,000)	
Serial Bonds Issued							3,405,000	
Bond Premium							191,845	
Bond Insurance Costs							(60,107)	
Deferred Interest							(220,513)	
Transfers In					\$ 71,199			\$ 123,540
Transfers Out					(71,199)			(123,540)
Total Other Financing Sources/(Uses)							9,225	
Net Change in Fund Balances	\$ (26,148)	\$ 14,806	\$ (69,428)	\$ (50,427)	\$ (171)	\$ 37,981	\$ 254,681	\$ 227,661
Debt Service as a Percentage of Noncapital Expenditures	9.87%	10.54%	9.16%	8.99%	8.76%	8.75%	8.51%	8.97%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

Exhibit J-5

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2002	\$ 5,161	\$ 41,180	\$ 18,455	\$ 64,796
2003	13,887	1,573	8,931	24,391
2004	22,209	764	12,192	35,165
2005	14,678		10,364	25,042
2006	13,490	3,857	12,309	29,657
2007	14,413	14,319	9,280	38,012
2008	19,313	13,613	7,517	40,443
2009	14,536	30,000	22,668	67,204
2010	6,822	56,718	13,926	77,466
2011	7,758	48,000	43,404	99,162

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Public Utilities ^a	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2001	\$ 6,224,800	\$ 116,926,000	\$ 26,717,100	\$ 1,505,400	\$ 20,515,600	\$ 22,270,600	\$ 1,317,392	\$ 18,090,100	\$ 195,476,892	\$ 1.383	\$ 224,153,385
2002	4,921,700	117,845,300	28,214,600	1,557,400	21,412,500	22,270,600	1,275,232	18,155,300	197,497,332	1.458	239,106,099
2003	4,535,200	121,848,800	29,495,200	1,555,200	21,708,800	22,270,600	1,031,912	18,155,300	202,445,712	1.540	269,879,233
2004	4,056,100	125,696,300	28,811,400	1,550,500	22,122,400	22,060,900	980,091	18,178,600	205,277,691	1.615	303,589,939
2005	4,463,400	126,706,900	28,675,100	1,583,600	22,058,800	22,057,700	904,776	18,371,100	206,450,276	1.654	343,372,401
2006	* 18,720,900	293,860,000	61,748,400	2,224,800	45,126,500	44,689,900	1,211,886	36,866,800	467,582,386	0.751	387,721,767
2007	17,732,000	298,542,000	62,256,000	2,772,600	45,127,600	44,689,900	1,187,891	37,382,300	472,307,991	0.773	462,152,371
2008	11,772,000	302,383,600	62,723,200	2,308,700	45,464,100	44,689,900	1,127,240	37,527,600	470,468,740	0.810	475,990,366
2009	11,041,800	303,856,900	64,907,000	2,277,400	46,931,400	44,494,400	909,083	37,306,000	474,417,983	0.829	491,230,736
2010	10,195,400	302,586,600	63,773,600	2,507,500	49,056,600	44,494,400	548,807	38,202,900	473,162,907	0.839	451,312,650

* Year in which the revaluation became effective.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Source: Municipal Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Regional High School	
2001	\$ 1.241	\$ 0.142	\$ 1.383		\$ 0.666	\$ 0.541	\$ 2.590
2002	1.217	0.241	1.458	\$ 0.079	0.690	0.623	2.850
2003	1.307	0.233	1.540	0.077	0.731	0.662	3.010
2004	1.391	0.224	1.615	0.095	0.731	0.759	3.200
2005	1.438	0.216	1.654	0.122	0.765	0.829	3.370
2006 *	0.689	0.062	0.751	0.092	0.364	0.393	1.600
2007	0.696	0.077	0.773	0.117	0.401	0.434	1.725
2008	0.719	0.091	0.810	0.135	0.389	0.467	1.801
2009	0.738	0.091	0.829	0.146	0.394	0.453	1.822
2010	0.754	0.085	0.839	0.176	0.384	0.457	1.856

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

* Year in which the revaluation became effective.

Source: Municipal Tax Collector and School Business Administrator

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2011			2002		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Schering Corp c/o Werck & Co	\$ 11,968,400	2.53%	Schering Plough	\$ 16,357,800	8.37%
Olde Lafayette Village, LTD	9,061,000	1.91%	Olde Lafayette Village	5,328,500	2.73%
205 Route 94, LLC	4,450,000	0.94%	Bon Chef Inc.	2,810,000	1.44%
Durling Realty, LLC	3,508,100	0.74%	United Telephone	2,464,862	1.26%
One Main Street Spart, LLC	3,496,600	0.74%	Lafayette Management, Inc.	1,440,500	0.74%
United Telephone Co of NJ	3,222,012	0.68%	Individual Taxpayer #1	1,029,300	0.53%
Individual Taxpayer #1	2,866,800	0.61%	Individual Taxpayer #2	971,900	0.50%
94 Associates, c/o Carson/Roberts	1,934,800	0.41%	Orchard Hill	948,700	0.49%
Cevex Inc, c/o Limecrest Quarry	1,809,600	0.38%	Individual Taxpayer #3	712,700	0.36%
34-38 Route 15 Lafayette, LLC	1,800,000	0.38%	Limestone Products	576,900	0.30%
Total	\$ 44,117,312	9.32%		\$ 32,641,162	16.72%

Note: Individual Taxpayers may be different in 2011 and 2002.

Source: Lafayette Township Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
2004	\$ 3,349,732	\$ 3,349,732	100.00%
2005	3,277,917	3,277,917	100.00%
2006	3,476,546	3,476,546	100.00%
2007	3,537,645	3,537,645	100.00%
2008	3,707,861	3,707,861	100.00%
2009	3,911,760	3,911,760	100.00%
2010	3,956,065	3,956,065	100.00%
2011	3,981,425	3,981,425	100.00%

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2005	\$ 4,742,000				\$ 4,742,000	4.75%	\$ 1,938.68
2006	4,532,000				4,532,000	4.34%	1,840.78
2007	4,307,000				4,307,000	3.81%	1,733.20
2008	4,072,000				4,072,000	3.39%	1,644.59
2009	3,827,000				3,827,000	3.17%	1,549.39
2010	3,625,000				3,625,000	3.10%	1,471.78
2011	3,335,000				3,335,000	2.85%	1,354.04

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN 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	\$ 4,742,000		\$ 4,742,000	2.31%	\$ 1,938.68
2006	4,532,000		4,532,000	2.20%	1,840.78
2007	4,307,000		4,307,000	0.92%	1,733.20
2008	4,072,000		4,072,000	0.86%	1,644.59
2009	3,827,000		3,827,000	0.81%	1,549.39
2010	3,625,000		3,625,000	0.76%	1,471.78
2011	3,335,000		3,335,000	0.70%	1,354.04

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Net Direct Debt of School District as of December 31, 2010			\$ 3,335,000
Net Overlapping Debt of School District:			
County of Sussex - Township of Lafayette's Share	\$ 74,528,115	2.67%	1,990,428
Township of Lafayette	269,800	100.00%	269,800
High Point Regional High School	860,000	14.84%	<u>127,637</u>
Subtotal, Overlapping Debt as of December 31, 2010			<u>2,387,865</u>
Total Direct And Overlapping Debt			<u><u>\$ 5,722,865</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lafayette. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Lafayette Township's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST NINE FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 466,410,836
2009	449,164,200
2008	483,607,934
	<u>\$1,399,182,970</u>
Average Equalized Valuation of Taxable Property	\$ 466,394,323
Debt Limit (3% of average equalization value)	a 13,991,830
Net Bonded School Debt	3,335,000
Legal Debt Margin	<u>\$ 10,656,830</u>

	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 11,691,826	\$ 13,049,759	\$ 14,119,199	\$ 14,069,746	\$ 13,991,830
Total Net Debt Applicable to Limit	<u>4,307,000</u>	<u>4,072,000</u>	<u>3,827,000</u>	<u>3,625,000</u>	<u>3,335,000</u>
Legal Debt Margin	<u>\$ 7,384,826</u>	<u>\$ 8,977,759</u>	<u>\$ 10,292,199</u>	<u>\$ 10,444,746</u>	<u>\$ 10,656,830</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	36.84%	31.20%	27.10%	25.76%	23.84%

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 7,067,852	\$ 7,900,453	\$ 8,950,055	\$ 10,115,314
Total Net Debt Applicable to Limit	<u>4,952,898</u>	<u>4,742,898</u>	<u>4,532,898</u>	<u>4,438,000</u>
Legal Debt Margin	<u>\$ 2,909,590</u>	<u>\$ 3,380,328</u>	<u>\$ 4,417,157</u>	<u>\$ 5,677,314</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	70.08%	60.03%	50.65%	43.87%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Township Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	2,384	\$ 92,315,632	\$ 38,723	5.60%
2003	2,418	95,114,448	39,336	5.90%
2004	2,446	99,843,274	40,819	5.00%
2005	2,462	104,511,900	42,450	5.00%
2006	2,485	112,938,280	45,448	5.20%
2007	2,476	120,021,624	48,474	4.80%
2008	2,470	120,605,160	48,828	6.20%
2009	2,463	116,985,111	47,497	10.60%
2010	2,463 **	116,985,111 ***	47,497 *	11.20%
2011	2,463 **	116,985,111 ***	47,497 *	N/A

* - Latest Sussex County per capita personal income available (2009) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

*** - Latest Township personal income available (2009) was used for calculation purposes.

N/A - Information is not available.

Sources:

^a Population information provided by the NJ Dept of Labor and Workforce Development

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2010

Employer	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	5.05%
Newton Memorial Hospital	1,490	3.76%
Selective Insurance	900	2.27%
County of Sussex	830	2.10%
Mountain Creek Resort	800	2.02%
Shop Rite (Ronetco)	697	1.76%
Ames Rubber Corp	445	1.12%
Walmart	412	1.04%
Andover Subacute and Rehab Center	300	0.76%
Sussex County Community College	300	0.76%
Total	<u>8,174</u>	<u>20.64%</u>

2001

Employer	Employees	Percentage of Total Employment
Selective Insurance	954	2.41%
Andover Subacute and Rehab Center	906	2.29%
County of Sussex	815	2.06%
Mountain Creek Resort	800	2.02%
Newton Memorial Hospital	757	1.91%
Ronetco Supermarkets	711	1.80%
Vernon Township Bd. of Education	629	1.59%
F.O. Phoenix, Inc.	600	1.52%
Hopatcong Board of Education	450	1.14%
Walmart	380	0.96%
Total	<u>7,002</u>	<u>17.68%</u>

Source: Sussex County Chamber of Commerce

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

<u>Function/Program:</u>	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Instruction:							
Regular	27.5	27.5	27.5	25.3	24.1	22.1	19.9
Special Education	4.5	3.5	3.5	3.8	4.2	5.0	5.4
Other	8.0	8.0	9.0	11.0	9.6	10.3	9.0
Support Services:							
Student & Instruction Related Services	6.0	6.0	5.0	5.8	4.8	4.0	3.0
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General Administrative Services	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Central Services	2.0	2.0	2.0	2.0	1.8	1.8	1.8
Plant Operations and Maintenance	3.3	3.8	3.8	3.6	3.1	3.1	3.1
	<u>55.0</u>	<u>54.5</u>	<u>54.5</u>	<u>55.2</u>	<u>51.4</u>	<u>50.1</u>	<u>46.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio Elementary Schools	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	362.7	\$ 3,215,225	\$ 8,865	0.13%	N/A	N/A	362.7	346.8	1.85%	95.62%
2003	376.7	3,530,554	9,372	5.73%	42	1:11	376.7	360.7	3.86%	95.75%
2004	364.3	4,070,514	11,174	19.22%	42	1:10	364.3	351.2	-3.29%	96.40%
2005	344.5	3,895,906	11,309	1.21%	40	1:10	344.5	331.0	-5.44%	96.08%
2006	331.7	4,290,735	12,936	14.38%	41	1:9.5	331.7	319.1	-3.72%	96.20%
2007	315.8	4,429,616	14,027	8.43%	39	1:11	315.8	303.7	-4.79%	96.17%
2008	314.1	4,564,552	14,532	3.60%	38	1:11	314.1	301.7	-0.54%	96.05%
2009	295.6	4,559,723	15,425	6.15%	38	1:10	295.6	283.3	-5.89%	95.84%
2010	281.9	4,517,594	16,026	3.89%	37	1:10	281.9	270.8	-4.63%	96.06%
2011	257.1	4,247,895	16,522	3.10%	34	1:10	257.1	245.3	-8.80%	95.41%

N/A - Not Available

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Sources: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	315.8	314.1	295.6	281.9	257.1
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	362.7	376.7	364.3	344.5	331.7

Number of Schools at June 30, 2011
 Elementary = 1

Note: Enrollment is based on the annual October district count.

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

<u>Facility</u>	<u>Project #'(s)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>School Facilities:</u>						
Elementary School	N/A	\$ 74,439	\$ 46,769	\$ 66,485	\$ 52,206	\$ 53,185
Grand Total		<u>\$ 74,439</u>	<u>\$ 46,769</u>	<u>\$ 66,485</u>	<u>\$ 52,206</u>	<u>\$ 53,185</u>

<u>Facility</u>	<u>Project #'(s)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>School Facilities:</u>						
Elementary School	N/A	\$ 40,481	\$ 39,203	\$ 87,003	\$ 30,672	\$ 82,340
Grand Total		<u>\$ 40,481</u>	<u>\$ 39,203</u>	<u>\$ 87,003</u>	<u>\$ 30,672</u>	<u>\$ 82,340</u>

N/A - Not Applicable

Source: District records

Exhibit J-20

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund (SAIF):			
Property - Blanket Building and Contents Including Boiler and Building and Personal Property Inland Marine - Auto Physical Damage	\$ 250,000,000	Fund Aggregate	\$ 1,000
General Liability including Auto, Employee Benefits Each Occurrence	5,000,000		
General Aggregate Product Completed Ops Personal Injury Fire Damage Medical Expenses (Excluding Students Taking Part in Athletics) Automobile Coverage Combined Single Limit Hired/Non Owned	50,000,000	Fund Aggregate	
	2,500,000		
	10,000		
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	5,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery	100,000,000		1,000
Excess Liability (AL/GL)	5,000,000		
School Board Legal	5,000,000/5,000,000		5,000
Excess SLPL	5,000,000/5,000,000		
Workers' Compensation	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for Business Administrator	89,000	Selective Insurance	
Bond for Treasurer of School Monies	180,000	Selective Insurance	
Student Accident		Bollinger Voluntary Coverage Only	

SINGLE AUDIT SECTION



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District, in the County of Sussex (the "Board") as of, and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

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

The Honorable President and Members
of the Board of Education
Lafayette Township School District
Page 2

Compliance and Other Matters

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

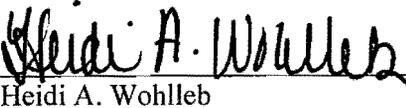
This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be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

August 15, 2011
Mount Arlington, New Jersey

NISIVOCIA LLP



John D. Cassells
Licensed Public School Accountant #105



Heidi A. Wohlleb
Licensed Public School Accountant # 2140
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

We have audited the compliance of the Board of Education of the Lafayette Township School District in the County of Sussex (the "Board") with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the 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, 2011.

The Honorable President and Members
of the Board of Education
Lafayette Township School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

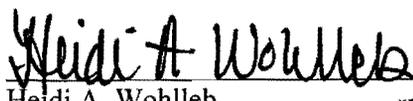
This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be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

August 15, 2011
Mount Arlington, New Jersey

NISIVOCIA LLP



John D. Cassells
Licensed Public School Accountant #105



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education: No Child Left Behind Consolidated Grant:														
Title II, Part A	84.278A	NCLB249010	9/1/09-8/31/10	\$ 10,866	\$ (7,676)			\$ 7,676						
Title IV	84.186A	NCLB249010	9/1/09-8/31/10	405	(133)			133						
Title I	84.010A	NCLB249011	9/1/10-8/31/11	5,232				3,488	\$ (5,232)		\$ (1,744)			
Title II, Part A	84.278A	NCLB249011	9/1/10-8/31/11	7,366				7,366	(7,366)					
Title II, Part D	84.367A	NCLB249011	9/1/10-8/31/11	11					(11)			(11)		
Small Rural School Achievement Program	84.358A 84.358A	S358A023332 S358A023332	9/1/09-8/31/10 9/1/10-8/31/11	35,491 34,673	(4,524)			4,524 25,200		(34,673)		(9,473)		
Special Education Cluster:														
IDEA Combined Grant:														
I.D.E.A. Part B, Basic	84.027	IDEA249010	9/1/09-8/31/10	67,327	(13,465)			13,465						
I.D.E.A. Part B, Preschool	84.173	IDEA249010	9/1/09-8/31/10	2,976	(354)			354						
I.D.E.A. Part B, Basic	84.027	IDEA249011	9/1/10-8/31/11	65,983				59,383	(65,983)		(6,600)			
I.D.E.A. Part B, Preschool	84.173	IDEA249011	9/1/10-8/31/11	3,037				3,037	(3,037)					
Total Special Education Cluster					(13,819)			76,239	(69,020)		(6,600)			
Total U.S. Department of Education					(26,152)			124,626	(116,302)		(17,828)			
U.S. Department of Agriculture Passed-through State Department of Education:														
Child Nutrition Cluster:														
U.S.D.A Commodities Program	10.555	N/A	7/1/09-6/30/10	8,797		\$ 3,331			(3,331)					
Special Milk Program	10.556	N/A	7/1/09-6/30/10	187	(4)			4						
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	9,105	(787)			787						
U.S.D.A Commodities Program	10.555	N/A	7/1/10-6/30/11	6,833				6,833	(2,657)			\$ 4,176		
Special Milk Program	10.556	N/A	7/1/10-6/30/11	174				162	(174)		(12)			
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	9,168				8,488	(9,168)		(680)			
Total U.S. Department of Agriculture/Child Nutrition Cluster					(791)	3,331		16,274	(15,330)		(692)	4,176		
Total Federal Awards					\$ (26,943)	\$ 3,331	\$ -0-	\$ -0-	\$ 140,900	\$ (131,632)	\$ -0-	\$ (18,520)	\$ 4,176	\$ -0-

N/A - Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	\$ 113,759	\$ (12,026)		\$ 12,026						\$ 113,759
Special Education Categorical Aid	10-495-034-5120-089	7/1/09 - 6/30/10	134,633	(14,233)		14,233						134,633
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	18,011	(1,904)		1,904						18,011
Adjustment Aid	10-100-034-5120-085	7/1/09 - 6/30/10	409,729	(43,316)		43,316						409,729
Extraordinary Special Education Aid	10-100-034-5120-473	7/1/09 - 6/30/10	43,339	(43,339)		43,339						43,339
Nonpublic Transportation	10-495-034-5120-014	7/1/09 - 6/30/10	3,523	(3,523)		3,523						3,523
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	160,342	(7,609)		7,609						160,342
Transportation Aid	11-495-034-5120-014	7/1/10 - 6/30/11	108,249			\$ 97,757	\$ (108,249)			\$ (10,492)		108,249
Special Education Categorical Aid	11-495-034-5120-089	7/1/10 - 6/30/11	124,536			112,465	(124,536)			(12,071)		124,536
Security Aid	11-495-034-5120-084	7/1/10 - 6/30/11	16,592			14,984	(16,592)			(1,608)		16,592
Adjustment Aid	11-100-034-5120-085	7/1/10 - 6/30/11	253,338			228,783	(253,338)			(24,555)		253,338
Extraordinary Special Education Aid	11-100-034-5120-473	7/1/10 - 6/30/11	54,749				(54,749)		\$ (54,749)	(54,749)		54,749
Nonpublic Transportation	11-495-034-5120-014	7/1/10 - 6/30/11	3,785				(3,785)		(3,785)	(3,785)		3,785
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	143,149			136,244	(143,149)		(6,905)	(6,905)		143,149
Total General Fund State Aid				(125,950)		716,183	(704,398)		(65,439)	(114,165)		1,587,734
Capital Projects Fund:												
School Development Authority:												
Partial Roof Replacement	2490-050-01-1001-G01Y	11/15/10 - 6/30/11	82,373			82,373	(82,373)					82,373
Total Capital Projects Fund						82,373	(82,373)					82,373
Enterprise Fund												
State School Lunch Program	11-100-010-3350-023	7/1/10 - 6/30/11	798			727	(798)		(71)	(71)		798
State School Lunch Program	10-100-010-3350-023	7/1/09 - 6/30/10	989	(77)		77						989
Total Enterprise Fund				(77)		804	(798)		(71)	(71)		1,787
Total State Awards				\$ (126,027)	\$ -0-	\$ 799,360	\$ (787,569)	\$ -0-	\$ (65,510)	\$ -0-	\$ (114,236)	\$ 1,671,894

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Ogdensburg Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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 the modified accrual basis with the exception of the revenue recognition of the last two 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 budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$22,752 for the general fund, and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and on-behalf TPAF Post Retirement Contributions revenue of \$6,328 and \$134,413, respectively.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 867,891	\$ 867,891
Special Revenue Fund	\$ 116,302		116,302
Capital Projects Fund		82,373	82,373
Food Service Fund	15,330	798	16,128
Total Awards	<u>\$ 131,632</u>	<u>\$ 951,062</u>	<u>\$ 1,082,694</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any significant deficiencies or material weaknesses in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2011 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's major state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education				
Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 124,536	\$ 124,536
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	16,592	16,592
Adjustment Aid	11-495-034-5120-085	7/1/10-6/30/11	253,338	253,338

- The threshold for distinguishing Type A and Type B state programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJ OMB 04-04.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results: (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The District's prior year finding regarding an inadequate segregation of duties with respect to the preparation of payroll has been resolved in the current year.