

**Lower Alloways Creek Township School
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT

SALEM, NEW JERSEY 08079

**Lower Alloways Creek Township School Board of Education
Salem, New Jersey 08079**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Of the

**Lower Alloways Creek Township School Board of Education
Salem, New Jersey 08079**

For the Fiscal Year Ended June 30, 2011

Prepared by:

**Lower Alloways Creek Township School
Board of Education Administration**

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INTRODUCTORY SECTION

Lower Alloways Creek Township Board of Education

967 Main Street – Canton
Salem, NJ 08079

Telephone: (856) 935-6984
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October 11, 2011

Honorable President and
Members of the Board of Education
Lower Alloways Creek School District
967 Main Street - Canton
Salem, New Jersey 08079

Dear Board Members:

The comprehensive annual financial report of the Lower Alloways Creek Township School District for the fiscal year ending June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the G.A.S.B. as established by G.A.S.B. Statement No. 14. All funds of the District are included in this report. The Board constitutes the District's reporting entity.

The District provides a full range of education services appropriate to grade levels Pre-K and K through 8. The district implemented a two full day Prek programs for 2009-2010. Other classes include regular, remedial, and gifted, as well as special education for handicapped students. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. While there was only a 1% increase from the previous year's Average Daily Enrollment, the District completed the 2010-2011 fiscal year with an enrollment of 197.

2) ECONOMIC CONDITIONS AND OUTLOOK

The most recent data available, the 2000 U.S. Census, reveals a steady population increase in the Township.

<u>Year</u>	<u>Population</u>
1970	1,400
1980	1,547
1990	1,858
2000	1,851

3) MAJOR INITIATIVES

Lower Alloways Creek School provides a comprehensive educational program in both the academics, performing arts and industrial arts for students in Pre-kindergarten through eighth grade. Students are assessed by the NJASK 3-8. Students typically score above expectations of the State assessment and the district has consistently met AYP each year since the inception of NCLB.

In 2010 - 2011, and based on the State's minimum expectations on the NJASK 3-8, where the State expects at least 86% passing in LAL and 80% passing in Mathematics, the school district was placed on hold for one more year according to the AYP regulations. The Board of Education is provided with a running record of all test results since 1999 in the NJASK 3-8 assessment.

Support and remediation is provided on an individual and small group basis to students based on individual State mandated test results, analysis of student performance in school via report cards and progress reports during the marking periods (4), teacher recommendations, parent request and input, and recognized individual student needs via the IR&S Team, the RTI via DIBELS Reading Competency and the NWEA MAP growth assessment.

The district continues to expose students to a varied amount of daily and monthly Character Education themes. Students are recommended for outstanding recognition each month and their picture as well as a personalized certificate of achievement is posted on the Character Education bulletin board. Students are invited to attend a board meeting to accept their certificate.

Students are also currently going through a curriculum for the curtailing of Bullying, Harassment, Victimization and Intimidation. Classroom teachers expose their students to various scenarios and ask the students to react to them in a class discussion.

Students are given instruction in all content areas and are also given full time instruction in the Performing Arts, Industrial Arts (woodworking), Guidance, Multi-media, music, band, chorus, physical education and health.

The C.S.A. meets with the Salem County Articulation Committee two times a year. The committee is comprised of the C.S.A.'s from the sending districts to Salem City School District.

The district continues to articulate with its receiver district, Salem City School District, and the Salem County High School Vocational districts to provide continuity in instructional preparations in the content areas.

The district's objectives in the area of Affirmative Action, per the District's 2007-2012 Comprehensive Equity Plan include but are not limited to:

- Staff training on providing a harassment free environment.
- The design and implementation of instructional lessons.
- Assemblies to promote anti-violent behavior, harassment, and Positive Character Education Traits.
- Development and implementation of positive recognition of classroom and student efforts to promote harassment free environment.
- Activities developed in the district's Character Education program through lessons provided at all grade levels.
- Individual safety concerns given via workshops.
- Workshops to enable teachers to deal with disruptive students and parents.

The student's educational program is enhanced with a variety of educational field trips provided for all students.

The district's discipline guide is provided to each parent each year that lists student expectations for appropriate behavior and consequences.

The district owns and operates its own busses. The cafeteria and business office is managed by a manager through a shared service agreement with another local school district.

The Child Study Team at Lower Alloways Creek School District is through a shared service agreement with the Salem County Special Services District.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting

principles (G.A.A.P.). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

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

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by voters of the municipality. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the capital projects fund. The final budget amount for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS

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

7) DEBT ADMINISTRATION

The School District has had no outstanding debt for at least seventeen years, including 2011.

8) CASH MANAGEMENT

The investment policy of the District is guided in large part by the state statutes as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect Governmental Units from a loss of

funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT

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

10) OTHER INFORMATION

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

11) ACKNOWLEDGMENTS

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

Respectfully submitted,

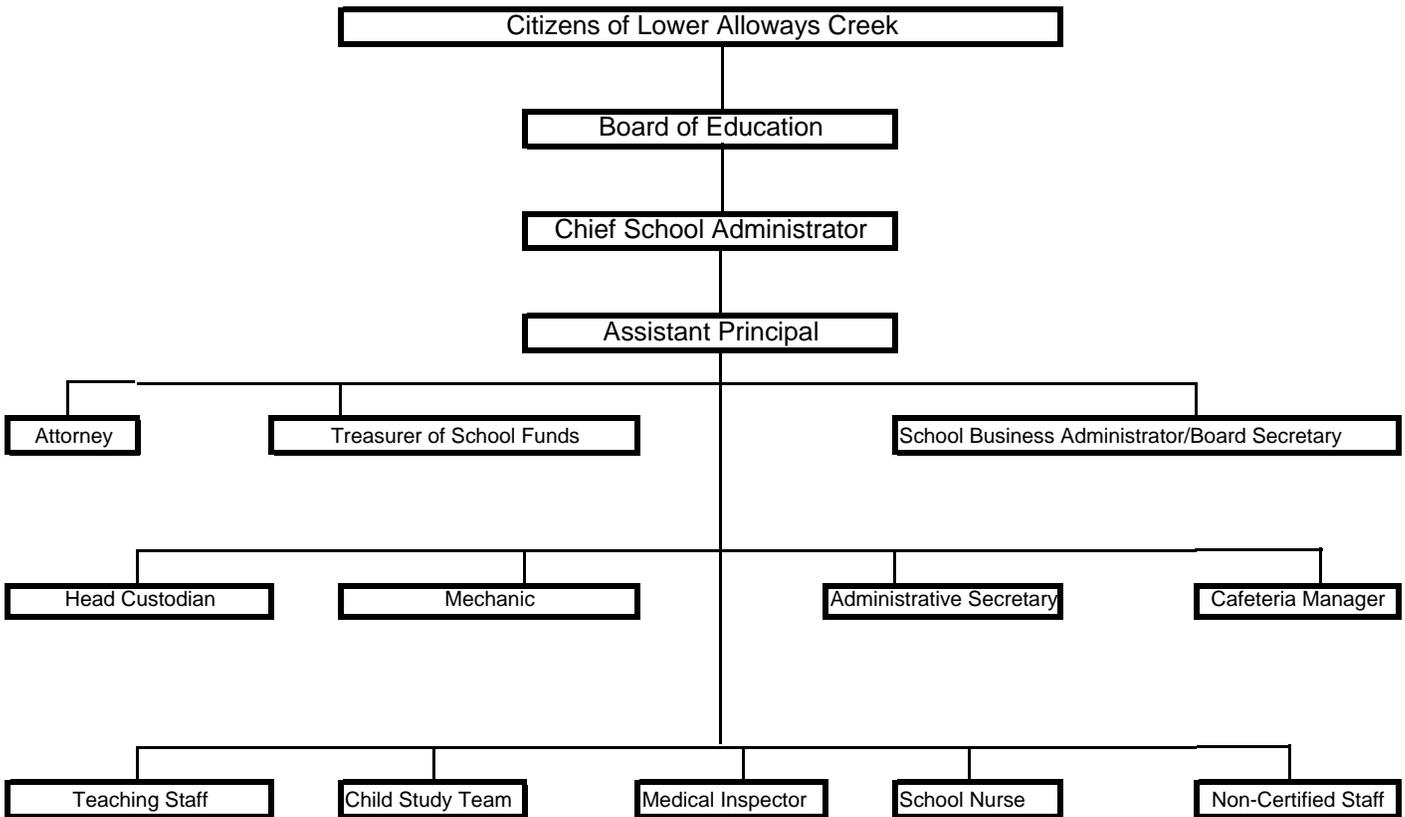
Fred Pratta

Fred Pratta, Chief School Administrator

Shannon N. DuBois

Shannon N. DuBois, Business Administrator/
Board Secretary

LOWER ALLOWAYS CREEK TOWNSHIP BOARD OF EDUCATION
Salem, New Jersey
ORGANIZATIONAL CHART



**LOWER ALLOWAYS CREEK TOWNSHIP
BOARD OF EDUCATION
SALEM, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2011

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Walter Sheets, President	2012
Michael Bedilion, Vice President	2014
Tracy Beal	2014
Laura Tice Crane	2012
Linwood H. Donelson, III	2013
Donald Pate	2014
Thomas Poliski	2012
Karen S. Underwood	2013
Joyce A. Willis	2013

OTHER OFFICIALS

Fred Pratta, Chief School Administrator

Shannon N. DuBois, Business Administrator/Board Secretary

Rebecca S. Joyce, Alternate Board Secretary

Debra O. Sowers, Treasurer to May 10, 2011

Paul Kienzle Jr., Solicitor

**LOWER ALLOWAYS CREEK TOWNSHIP
BOARD OF EDUCATION
SALEM, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Nick L. Petroni, CPA, RMA
Petroni & Associates LLC
Certified Public Accountants
21 West High Street
P. O. Box 279
Glassboro, NJ 08028

ATTORNEY

Paul Kienzle, Jr.
Casarow, Kienzle and Raczenbek
P.O. Box 337
32 North Pearl Street
Bridgeton, NJ 08302

OFFICIAL DEPOSITORY

The Bank
1 South Main Street
Woodstown, NJ 08098

Century Savings Bank
1376 W. Sherman Avenue
Vineland, NJ 08360

INSURANCE AGENCY

Conner Strong
P.O. Box 358
Bridgeton, NJ 08302

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2011, on our consideration of the Lower Alloways Creek Township School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison information referenced in the outline of C.A.F.R. 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of 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 Lower Alloways Creek Township School Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey O.M.B.'s Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and the schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

PETRONI & ASSOCIATES LLC



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

October 19, 2011

Required Supplementary Information – Part I

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

This section of the Lower Alloways Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements.

Overview of the Financial Statements

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

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

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

Key financial highlights for 2010-2011 are as follows:

- General revenues accounted for \$4,571,944 in revenue or 96% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for \$214,900 or 4% percent to total revenues of \$4,786,844 (See Exhibit A-2).
- Total net assets of governmental activities increased by \$247,358 comprised of changes in cash and cash equivalents, receivables, inventory and capital assets. The net assets of the Business-type Activities decreased by \$14,338 (See Exhibit A-2).
- The School District had \$4,553,824 in expenses, of which only \$214,900 of these expenses were offsets by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) of \$4,571,944 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities (See Exhibit A-2).

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Overview of the Financial Statements (Continued)

- The General Fund had \$4,601,424 in revenues, \$4,361,090 in expenditures. The General Fund's balance increased \$240,334 which is an increase of \$184,073 over FY 2010 (See Exhibit B-2).

District-wide Financial Statements – Reporting the School District as a Whole

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Fund Financial Statements (Continued)

The District has four kinds of funds:

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

Financial Analysis of the District as a Whole

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

Net assets: The District's combined net assets are \$2,108,615 on June 30, 2011. Approximately .07% of the total net assets are from business-type activities, while the balance of the total net assets is 99.93%, attributable to governmental activities.

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Financial Analysis of the District as a Whole (Continued)

Net Assets (See Exhibit A-1)

	FY 2011		FY 2010		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2011	FY 2010
Assets						
Current and other assets	1,642,547	5,300	1,364,487	18,355	1,647,847	1,382,842
Capital assets	601,201	9,207	610,486	11,303	610,408	621,789
Total assets	<u>2,243,748</u>	<u>14,507</u>	<u>1,974,973</u>	<u>29,658</u>	<u>2,258,255</u>	<u>2,004,631</u>
Liabilities						
Current liabilities	52,298		14,572	813	52,298	15,385
Noncurrent liabilities	82,835		94,109		82,835	94,109
Total liabilities	<u>135,133</u>		<u>108,681</u>	<u>813</u>	<u>135,133</u>	<u>109,494</u>
Net Assets						
Invested in capital assets, net of related debt	601,201	9,207	610,486	11,303	610,408	621,789
Restricted	1,410,710		1,186,001		1,410,710	1,186,001
Unrestricted	96,704	5,300	69,805	17,542	102,004	87,347
Total net assets	<u>2,108,615</u>	<u>14,507</u>	<u>1,866,292</u>	<u>28,845</u>	<u>2,123,122</u>	<u>1,895,137</u>

Table 2 shows the changes in net assets from FY 2011 and 2010

The District's total revenues are \$4,781,809 for the fiscal period ended June 30, 2011. The revenue breakout for all funds is as follows: Property taxes 70.2%, state formula aid 24.6%, state and federal aid for specific programs 3% and 2% from fees charged for services and miscellaneous resources.

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Table 2

	Business-		Business-		Total	
	Governmental	Type	Governmental	Type	FY 2011	FY 2010
Revenues						
Program revenues						
Charges for services		60,538		62,180	60,538	62,180
Operating grants and contributions	132,441	21,921	152,197	25,722	154,362	177,919
General revenues						
Property taxes	3,359,200		3,230,000		3,359,200	3,230,000
Grants and entitlements	1,178,253		1,057,568		1,178,253	1,057,568
Other	29,456		56,616		29,456	56,616
Total revenues	<u>4,699,350</u>	<u>82,459</u>	<u>4,496,381</u>	<u>87,902</u>	<u>4,781,809</u>	<u>4,584,283</u>
Expenses						
Instruction - related	1,614,270		1,859,139		1,614,270	1,859,139
Instruction - tuition	761,204		488,660		761,204	
Student & instructional related services	251,425		300,073		251,425	300,073
School administration	59,241		59,241		59,241	59,241
General administration	112,810		130,919		112,810	130,919
Central services	86,226		89,152		86,226	89,152
Administrative info. technology			2,156			2,156
Plant operations & maintenance	283,799		359,133		283,799	359,133
Pupil transportation	314,203		344,052		314,203	344,052
Employee benefits	889,829		779,860		889,829	779,860
Food service/childcare		96,797		100,108	96,797	100,108
Unallocated depreciation	80,907		57,739		80,907	57,739
Other	3,113		14,412		3,113	14,412
Total expenses	<u>4,457,027</u>	<u>96,797</u>	<u>4,484,536</u>	<u>100,108</u>	<u>4,553,824</u>	<u>4,584,644</u>
Transfers			(25,000)	25,000		
Increase (decrease) in net assets	<u>242,323</u>	<u>(14,338)</u>	<u>(13,155)</u>	<u>12,794</u>	<u>227,985</u>	<u>(361)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's property taxes made up 70% of these net revenues for the governmental activities. Unrestricted federal, state and local grants accounted for another 25%.

The total cost of services, as show below, was \$4,457,027. The net costs of all governmental programs and services, was \$4,324,586. Instruction comprises 35.7% of these total District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Governmental Activities (Continued)

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	FY 2011		FY 2010	
Instruction	1,614,270	1,543,105	1,859,139	1,764,914
Support services				
Tuition	761,204	761,204	488,660	488,660
Pupil and instructional staff	251,425	192,094	300,073	246,351
School administration	59,241	59,241	59,241	59,241
General administration	112,810	112,810	130,919	130,919
Central services	86,226	86,226	89,152	89,152
Administration information			2,156	2,156
Operation and maintenance	283,799	283,799	359,133	359,133
Pupil transportation	314,203	314,203	344,052	344,052
Employee benefits	889,829	887,884	779,860	775,610
Capital outlay	3,113	3,113	14,412	14,412
Unallocated depreciation	80,907	80,907	57,739	57,739
	<u>4,457,027</u>	<u>4,324,586</u>	<u>4,484,536</u>	<u>4,332,339</u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teachers and students, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching the students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Extracurricular activities include instructional expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities of activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Other includes Enterprise Fund expenditures and unallocated depreciation.

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Business-Type Activities

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

- Business-type activities expenditures exceeded revenues by \$14,338.
- Charges for services represent \$60,538 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and donated commodities were \$21,921.

The School District's Funds

Information about the School District's major funds starts on (Exhibit B-1). These funds are accounted for using the modified accrual basis of accounting. All governmental funds implemented (i.e., General Fund and Special Revenue Fund, presented in the fund-based statements) had total revenues of \$4,601,424, expenditures of \$4,361,090 (Exhibit B-2). The net positive change in fund balance for the year was \$240,334. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds. The District was not required to maintain a Capital Projects or Debt Service Fund in the 2010-2011 fiscal year.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Local sources	3,428,478	72.42%	137,944	4.19%
State sources	1,178,253	24.89%	243,520	26.05%
Federal sources	127,134	2.69%	(143,980)	-53.11%
	<u>4,733,865</u>	<u>100.00%</u>	<u>237,484</u>	5.01%

The increase in local sources is attributed to increases in local tax in the amount of \$129,200 and an additional interest earnings of \$21,295 due to investing in certificates of deposit.

The following schedules present a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year expenditures.

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

The School District's Funds (Continued)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	1,620,215	36.06%	(234,281)	-12.63%
Undistributed	2,764,066	61.51%	235,986	9.33%
Capital outlay	109,250	2.43%	76,706	235.70%
	<u>4,493,531</u>	<u>100.00%</u>	<u>78,411</u>	1.77%

The decrease in instructional expenditures is attributed to decreases in teaching staff for regular programs.

The increases in undistributed expenditures were due to \$109,969 increase in employee benefits and a \$272,544 increase offset by decreases in all other areas.

The increase in capital outlay is attributed to purchase of a school bus for \$82,700.

General Fund Budgetary Highlights

The School District's Budget is prepared according to New Jersey Law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the year, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final budget for the General Fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an excess of \$213,281 as shown on Exhibit C-1.

The District's final FY 2011 budget anticipated utilizing \$307,595 in fund balance; \$25,000 from tuition reserve and \$83,918 of prior year encumbrances for this fiscal period.

Capital Assets

The Lower Alloways Creek Township School District investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$610,408 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture (more detailed information about capital assets can be found in Note 5 to the financial statements).

**Lower Alloways Creek Township School District
Salem, New Jersey**

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
Unaudited**

Capital Assets (Continued)

	Capital Assets (Net of Depreciation)				Total FY 2011	Total FY 2010
	FY 2011		FY 2010			
	<u>Governmental</u>	<u>Business- Type</u>	<u>Governmental</u>	<u>Business- Type</u>		
Construction in progress	23,437				23,437	
Site improvements	3,217		3,412		3,217	3,412
Buildings	287,576		369,180		287,576	369,180
Machinery & equipment	286,971	9,207	237,894	11,303	296,178	249,197
Total	601,201	9,207	610,486	11,303	610,408	621,789

Overall capital assets decreased by \$11,381 from fiscal year 2010. Depreciation expenses were \$83,003 for the fiscal year 2011 including food service.

Long-Term Debt

Lower Alloways Creek Township School District does not have any long-term debt as of June 30, 2011.

Factors Bearing on the District's Future

While Lower Alloways Creek Township is primarily a residential community, the funding of school operations is provided by industrial property owners.

- The District received an allocation of \$37,394 for federally funded Education Jobs Fund Program

In conclusion, the Lower Alloways Creek Township School District has committed itself to fiscal responsibility for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are function. The School District plans to continue its sound fiscal management to meet the requirements of the future, which entail matching revenues to meet expense requirements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Shannon N. Dubois, Business Administrator, Lower Alloways Creek Township School District, 967 Main Street, Salem, NJ 08079.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business- Type Activities	FY 2011
<u>ASSETS</u>			
Cash and cash equivalents	1,104,932	3,026	1,107,958
Receivables, net	68,626		68,626
Inventory		2,274	2,274
Restricted assets:			
Restricted cash and cash equivalents	188,006		188,006
Capital reserve account - cash	280,983		280,983
Capital assets			
Non-depreciable assets	23,437		23,437
Assets net of depreciation	577,764	9,207	586,971
Total Assets	<u>2,243,748</u>	<u>14,507</u>	<u>2,258,255</u>
<u>LIABILITIES</u>			
Cash overdraft	22,612		22,612
Accounts payable	29,686		29,686
Noncurrent liabilities:			
Due beyond one year	82,835		82,835
Total liabilities	<u>135,133</u>		<u>135,133</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	601,201	9,207	610,408
Restricted for:			
Capital projects	285,139		285,139
Other purposes	1,125,571		1,125,571
Unrestricted	96,704	5,300	102,004
Total net assets	<u><u>2,108,615</u></u>	<u><u>14,507</u></u>	<u><u>2,123,122</u></u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental activities:						
Instruction:						
Regular	1,441,678			(1,441,678)		(1,441,678)
Special education	166,930		71,165	(95,765)		(95,765)
Other special education	4,110			(4,110)		(4,110)
Other instruction	1,552			(1,552)		(1,552)
Support services:						
Tuition	761,204			(761,204)		(761,204)
Student & instructional related services	251,425		59,331	(192,094)		(192,094)
General administration	112,810			(112,810)		(112,810)
School administrative services	59,241			(59,241)		(59,241)
Central services	86,226			(86,226)		(86,226)
Plant operations & maintenance	283,799			(283,799)		(283,799)
Pupil transportation	314,203			(314,203)		(314,203)
Employee benefits	889,829		1,945	(887,884)		(887,884)
Capital outlay	3,113			(3,113)		(3,113)
Unallocated depreciation	80,907			(80,907)		(80,907)
Total governmental activities	<u>4,457,027</u>		<u>132,441</u>	<u>(4,324,586)</u>		<u>(4,324,586)</u>
Business-type activities:						
Food service	89,053	51,945	21,921		(15,187)	(15,187)
Latchkey program	7,744	8,593			849	849
Total business-type activities	<u>96,797</u>	<u>60,538</u>	<u>21,921</u>		<u>(14,338)</u>	<u>(14,338)</u>
Total primary government	<u>4,553,824</u>	<u>60,538</u>	<u>154,362</u>	<u>(4,324,586)</u>	<u>(14,338)</u>	<u>(4,338,924)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose				3,359,200		3,359,200
Federal and State aid not restricted				1,178,253		1,178,253
Tuition charges				12,229		12,229
Transportation charges				575		575
Investment earnings				31,840		31,840
Miscellaneous Income				19,327		19,327
Loss on disposal of assets				(34,515)		(34,515)
Total general revenues, special items, extraordinary items and transfers				<u>4,566,909</u>		<u>4,566,909</u>
Change in net assets				242,323	(14,338)	227,985
Net assets - beginning				1,866,292	28,845	1,895,137
Net assets - end				<u>2,108,615</u>	<u>14,507</u>	<u>2,123,122</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	FY 2011
<u>ASSETS</u>			
Cash and cash equivalents	1,104,932		1,104,932
Receivables, net	72		72
Receivables from other governments	20,011	48,543	68,554
Restricted cash and cash equivalents	468,989		468,989
Total Assets	<u>1,594,004</u>	<u>48,543</u>	<u>1,642,547</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Cash overdraft		22,612	22,612
Accounts payable	3,755	25,931	29,686
Total liabilities	<u>3,755</u>	<u>48,543</u>	<u>52,298</u>
Fund Balances:			
Restricted for:			
Excess surplus - current year	348,173		348,173
Excess surplus - prior year - designated for subsequent year's expenditures	301,505		301,505
Emergency reserve	30,000		30,000
Maintenance reserve	153,850		153,850
Capital reserve	285,139		285,139
Assigned to:			
Other purposes	7,543		7,543
Designated by the B.O.E. for subsequent year's expenditures	284,500		284,500
Unassigned:			
General fund	179,539		179,539
Total fund balances	<u>1,590,249</u>		<u>1,590,249</u>
Total liabilities and fund balances	<u>1,594,004</u>		

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	<u>FY 2011</u>
Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$3,963,229 and the accumulated depreciation is \$3,362,028 (See Note 5).	601,201
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6).	<u>(82,835)</u>
Net assets of governmental activities	<u><u>2,108,615</u></u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	FY 2011
<u>REVENUES</u>			
Local tax levy	3,359,200		3,359,200
Tuition charges	12,229		12,229
Transportation	575		575
Interest earned on investments	27,684		27,684
Interest earned on capital reserve funds	4,156		4,156
Miscellaneous	19,327	5,307	24,634
	3,423,171	5,307	3,428,478
State sources	1,178,253		1,178,253
Federal sources		127,134	127,134
Total revenues	4,601,424	132,441	4,733,865
<u>EXPENDITURES</u>			
Current:			
Regular instruction	1,447,868		1,447,868
Special education instruction	95,695	71,165	166,860
Other special instruction	3,935		3,935
Other instruction	1,552		1,552
Support services & undistributed costs:			
Tuition	761,204		761,204
Student & instruction related services	192,094	59,331	251,425
General administration	112,810		112,810
School administrative services	59,241		59,241
Central services	86,226		86,226
Plant operations and maintenance	289,128		289,128
Pupil transportation	314,203		314,203
Employee benefits	887,884	1,945	889,829
Capital outlay	109,250		109,250
Total expenditures	4,361,090	132,441	4,493,531
Excess (deficiency) of revenues over expenditures	240,334		240,334
Net change in fund balances	240,334		240,334
Fund balance - July 1	1,349,915		1,349,915
Fund balance - June 30	1,590,249		1,590,249

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2)	240,334
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital outlays	106,137
Depreciation	<u>(80,907)</u>
	25,230
In the statement of activities, only the gain/loss on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from from the change in fund balance by the cost of the asset removed.	(34,515)
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.	<u>11,274</u>
Change in net assets of governmental activities	<u><u>242,323</u></u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities	
	Food Service	Latchkey Program
ASSETS:		
Current assets:		
Cash and cash equivalents	2,634	392
Inventories	2,274	
Total current assets	<u>4,908</u>	<u>392</u>
Noncurrent assets:		
Furniture, machinery & equipment	68,187	
Less: accumulated depreciation	<u>(58,980)</u>	
Total noncurrent assets	<u>9,207</u>	
Total assets	<u>14,115</u>	<u>392</u>
NET ASSETS		
Invested in capital assets net of related debt	9,207	
Unrestricted	<u>4,908</u>	<u>392</u>
Total net assets	<u><u>14,115</u></u>	<u><u>392</u></u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Business-type Activities	
	Food Service	Latchkey Program
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs	39,635	
Daily sales non-reimbursable programs	12,310	
Tuition		8,593
Total operating revenue	<u>51,945</u>	<u>8,593</u>
OPERATING EXPENSES:		
Salaries	33,694	7,194
Employee benefits	2,733	550
Purchased property services	732	
Other purchased services	11,235	
Supplies and materials	361	
Cost of sales	38,202	
Depreciation	2,096	
Total operating expenses	<u>89,053</u>	<u>7,744</u>
Operating income (loss)	<u>(37,108)</u>	<u>849</u>
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - state	937	
Federal sources:		
National school lunch program	16,127	
Food distribution program	4,857	
Total non-operating revenues (expenses)	<u>21,921</u>	
Income (loss) before operating transfers	<u>(15,187)</u>	<u>849</u>
Net income (loss)	<u>(15,187)</u>	<u>849</u>
Total net assets - beginning	29,302	(457)
Total net assets - ending	<u><u>14,115</u></u>	<u><u>392</u></u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities	
	Food Service	Latchkey Program
Cash flows from operating activities:		
Receipts from customers	51,945	8,593
Payments to suppliers	(49,815)	
Payments to employees	(33,694)	(7,194)
Payments for employee benefits	(2,733)	(550)
Net cash provided (used) by operating activities	<u>(34,297)</u>	<u>849</u>
Cash flows from non-capital financing activities:		
Cash received from state & federal reimbursements	<u>23,477</u>	
Net cash provided by non-capital financing activities	<u>23,477</u>	
Net increase in cash & cash equivalents	(10,820)	849
Cash and cash equivalents - July 1	<u>13,454</u>	<u>(457)</u>
Cash and cash equivalents - June 30	<u><u>2,634</u></u>	<u><u>392</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(37,108)	849
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	2,096	
Change in assets and liabilities:		
(Increase) decrease in inventory	1,071	
Increase in accounts payable	(356)	
	<u>(34,297)</u>	<u>849</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Trust Funds</u>		<u>Agency Funds</u>	<u>Totals</u> FY 2011
	<u>Scholarship</u> <u>Trust</u>	<u>Unemployment</u> <u>Compensation</u> <u>Trust</u>	<u>Student</u> <u>Activity</u>	
ASSETS:				
Cash and cash equivalents	4,472	94,099	11,848	110,419
Total assets	<u>4,472</u>	<u>94,099</u>	<u>11,848</u>	<u>110,419</u>
LIABILITIES:				
Due to student groups			11,848	11,848
Total liabilities			<u>11,848</u>	<u>11,848</u>
NET ASSETS:				
Reserve for encumbrances				
Held in trust for:				
Unemployment claims		94,099		94,099
Scholarship awards	4,472			4,472
Total net assets	<u>4,472</u>	<u>94,099</u>		<u>98,571</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Trust Funds		Totals FY 2011
	Scholarship Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		3,157	3,157
Board of education		95,000	95,000
Others	1,500		1,500
Total contributions	1,500	98,157	99,657
Investment earnings:			
Interest		212	212
Total investment earnings		212	212
Total additions	1,500	98,369	99,869
DEDUCTIONS:			
Unemployment claims		58,638	58,638
Scholarships awarded	1,262		1,262
Total deductions	1,262	58,638	59,900
Change in net assets	238	39,731	39,969
Net assets July 1	4,234	54,368	58,602
Net assets June 30	4,472	94,099	98,571

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

A. Reporting Entity

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

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

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

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

B. Government-wide Statements

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

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

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

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

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

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

C. Fund Financial Statements

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

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

FIDUCIARY FUNDS

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

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

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

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

D. Basis of Accounting

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

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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

E. Cash and Cash Equivalents

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

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

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

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

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

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food - commodities	1,820
Food	454
	<u>2,274</u>

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories (Continued)

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

G. Capital Assets

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

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

H. Revenues

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

I. Expenditures

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

J. Compensated Absences

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences (Continued)

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

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

K. Interfund Receivables/Payables

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

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

L. Accrued Salaries and Wages

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

M. Budgets/Budgetary Control

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for

budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

N. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

O. Deferred Revenue

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

P. Accrued Liabilities and Long-term Obligations

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

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Allocation of Indirect Expenses (Continued)

Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities.

Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

R. Extraordinary and Special Items

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

S. Use of Estimates

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

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Depository Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2011 and 2010, was \$1,664,754 and \$1,390,237. As of June 30, 2011 and 2010, \$0 of the District's bank balance of \$1,494,095 and \$1,245,543, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2011 and 2010, the District did not have any investments.

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

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3: INVESTMENTS (CONTINUED)

Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2011, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	20,011	
Other	72	
Federal aid	48,543	
	<u>68,626</u>	<u>None</u>

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$500 on October 10, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (L.R.F.P.). Upon submission of the L.R.F.P. to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved L.R.F.P.

The June 30, 2011 L.R.F.P. balance of local support costs of uncompleted capital projects is \$30,000.

Beginning balance, July 1, 2010	280,983
Interest earnings	4,156
Ending balance June 30, 2011	<u>285,139</u>

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2011.

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Construction in progress		23,437		23,437
Site Improvements	122,180			122,180
Building & building improvements	2,483,828		43,675	2,440,153
Machinery & equipment	1,345,112	82,700	50,353	1,377,459
Totals at historical cost	<u>3,951,120</u>	<u>106,137</u>	<u>94,028</u>	<u>3,963,229</u>
Less: accumulated depreciation				
Site improvements	(118,768)	(195)		(118,963)
Building & building improvements	(2,114,648)	(52,124)	(14,195)	(2,152,577)
Machinery & equipment	(1,107,218)	(28,588)	45,318	(1,090,488)
Total accumulated depreciation	<u>(3,340,634)</u>	<u>(80,907)</u>	<u>31,123</u>	<u>(3,362,028)</u>
Governmental activities capital assets, net	<u>610,486</u>	<u>25,230</u>	<u>125,151</u>	<u>601,201</u>
Business-type activities:				
Machinery & equipment	68,187			68,187
Less: accumulated depreciation	<u>(56,884)</u>	<u>(2,096)</u>		<u>(58,980)</u>
Business-type capital assets, net	<u>11,303</u>	<u>(2,096)</u>	None	<u>9,207</u>

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

NOTE 7: GENERAL LONG-TERM DEBT

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

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2011, are as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Due within one year</u>
Compensated absences	<u>94,107</u>	<u>245</u>	<u>11,517</u>	<u>82,835</u>	None

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Bonds Payable

During the year ended June 30, 2011, the Board had no bonds issued or outstanding.

Bonds Authorized but Not Issued

As of June 30, 2011, the Board has \$0 of bonds authorized but not issued.

Capital Leases

As of June 30, 2011, the Board has \$0 capital leases.

Other

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

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

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

For the year ended June 30, 2011, it is not necessary for the Board to establish a liability for arbitrage rebate.

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

NOTE 8: PENSION FUNDS

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8: PENSION FUNDS (CONTINUED)

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

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. T.P.A.F. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and T.P.A.F. The P.E.R.S. rate in effect for 2011 is 11.05% of covered payroll as reported on June 30, 2009. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Board's net contributions to P.E.R.S for the years ending June 30, 2011, 2010 and 2009, were \$39,861, \$30,217, and \$26,936 respectively, equal to the required contributions for each year. The Board also approved and paid \$10,317 towards back deductions for an employee. The State of New Jersey paid the Board's net contributions to T.P.A.F. for the years ending June 30, 2011, 2010 and 2009, which were \$118,734, \$116,498, and \$110,925 respectively, equal to the required contributions for each year.

The Board's total payroll for the years ending June 30, 2011, 2010 and 2009, were \$1,938,632, \$2,250,454 and \$2,193,675, covered payroll was \$1,579,712, \$1,770,130 and \$1,730,657 for T.P.A.F. and \$218,234, \$353,252 and \$333,377 for P.E.R.S.

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$5,339 for N.C.G.I. premium and \$113,395 for post-retirement medical on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$121,943 during the year ended June 30, 2011, for the employer's share of social security contributions for T.P.A.F. members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with G.A.S.B. 27.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8: PENSION FUNDS (CONTINUED)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District made contributions for the fiscal year 2011 of \$835. No contributions were made for 2010 or 2009, as no employees participated in this plan.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the T.P.A.F. and P.E.R.S.. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

NOTE 10: LABOR CONTRACTS

As of June 30, 2011, the District's employees are organized in the Lower Alloways Creek Education Association collective bargaining unit which is set to expire June 30, 2011.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11: DEFERRED COMPENSATION

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

ING
Lincoln Investment Planning, Inc
MetLife

NOTE 12: COMPENSATED ABSENCES

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

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

For the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2011, is \$82,835. The liability for compensated absences in the food service fund at June 30, 2011, is \$0.

NOTE 13: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2011, the District did not incur claims in excess of their coverage.

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 13: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance: (Continued)

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010-2011	95,000	3,157	58,638	94,099
2009-2010	None	3,749	2,931	54,368
2008-2009	None	3,800	124	53,375

NOTE 14: FUND BALANCE APPROPRIATED

General Fund – (Exhibit B-1) Of the \$1,590,249 fund balance at June 30, 2011, \$7,543 is reserved for encumbrances; \$649,678 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$301,505 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$285,139 has been reserved in the capital reserve account; \$284,500 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$153,850 has been reserved as maintenance reserve; \$30,000 has been reserved as emergency reserve; and \$179,539 is unassigned.

Debt Service Fund - There was \$0 fund balance at June 30, 2011.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance – Excess surplus is a required calculation pursuant N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011, is \$649,678.

NOTE 16: ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations. State and federal sources funded approximately 25% of the District's 2010-2011 governmental operations.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENT

In February 2009, the Governmental Accounting Standards Board (G.A.S.B.) adopted Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement is effective for fiscal periods beginning after June 15, 2010. The effective date for the District is the fiscal year beginning July 1, 2010. The objective of the statement is to enhance the usefulness of fund balance information providing clearer fund balance classifications and clarifying the existing fund balance type definitions.

NOTE 18: CAPITAL ASSET IMPAIRMENT

On April 27, 2011, a windstorm damaged the air conditioner and roof on the school. The air conditioner was totally impaired and written off at a loss of \$29,480. The roof was partially damaged and work to repair the roof was not started until after June 30, 2011. In August the New Jersey School Board's Insurance group sent \$284,830 to the district to cover the loss. The district is disputing the amount of reimbursement and anticipates receiving additional funds for the repairs.

NOTE 19: CONTINGENT LIABILITIES

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

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

Required Supplementary Information - Part II

BUDGETARY COMPARISON SCHEDULES

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	3,359,200		3,359,200	3,359,200	
Tuition from individuals	6,000		6,000	6,500	500
Tuition from LEA's				5,729	5,729
Transportation from LEA's				575	575
Interest on investments	1,000		1,000	27,684	26,684
Interest on capital reserve funds	100		100	4,156	4,056
Miscellaneous				19,327	19,327
Total - local sources	<u>3,366,300</u>		<u>3,366,300</u>	<u>3,423,171</u>	<u>56,871</u>
State sources:					
Transportation aid	121,171		121,171	121,171	
Special education aid	120,734		120,734	120,734	
Equalization aid	526,492		526,492	526,492	
Security aid	19,694		19,694	19,694	
Adjustment aid	106,941		106,941	106,941	
T.P.A.F. wage freeze grant				2,538	2,538
Extraordinary aid				11,909	11,909
Other state aid - nonpublic transportation				1,044	1,044
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				113,395	113,395
Teachers' pension & annuity fund (on-behalf non-budgeted)				5,339	5,339
Reimbursed T.P.A.F. social security contributions (non-budgeted)				121,943	121,943
Total - state sources	<u>895,032</u>		<u>895,032</u>	<u>1,151,200</u>	<u>256,168</u>
Total revenues	<u>4,261,332</u>		<u>4,261,332</u>	<u>4,574,371</u>	<u>313,039</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool		120	120	120	
Kindergarten	167,679	(70,637)	97,042	96,591	451
Grades 1-5	713,263	53,413	766,676	749,436	17,240
Grades 6-8	466,371	48,412	514,783	514,188	595
Regular programs - home instruction:					
Salaries of teachers	10,000	(2,800)	7,200	1,447	5,753
Regular programs - undistributed instruction:					
Other salaries for instruction	2,000	(2,000)			
Purchased professional-education services	4,000		4,000		4,000
Purchased technical services	27,460		27,460	26,550	910
Other purchased services (400-500 series)	34,162		34,162	17,861	16,301
General supplies	44,414	2,999	47,413	34,215	13,198
Textbooks	2,000	500	2,500	2,462	38
Miscellaneous expenditures	6,475	(1,245)	5,230	4,998	232
Total regular programs	1,477,824	28,762	1,506,586	1,447,868	58,718
Resource room:					
Salaries of teachers	67,034	28,566	95,600	95,010	590
General supplies	447	192	639	559	80
Textbooks	140		140	126	14
Total resource room	67,621	28,758	96,379	95,695	684
Total special education	67,621	28,758	96,379	95,695	684
Basic skills/remedial:					
Salaries of teachers	140,786	(66,665)	74,121	967	73,154
General supplies	3,000		3,000	2,968	32
Total basic skills/remedial	143,786	(66,665)	77,121	3,935	73,186
School sponsored co-curricular activities:					
Salaries	2,000		2,000	1,552	448
Total school sponsored co-curricular activities	2,000		2,000	1,552	448
Total other instructional programs	145,786	(66,665)	79,121	5,487	73,634
Total - instruction	1,691,231	(9,145)	1,682,086	1,549,050	133,036

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state-regular	574,542		574,542	574,542	
Tuition to other LEAs within state-special	65,500	(3,600)	61,900	61,900	
Tuition to C.S.S.D. & regional day school	30,374	(3,121)	27,253	26,590	663
Tuition to private schools for the handicapped - within state	84,206	13,966	98,172	98,172	
Total undistributed expenditures - instruction	754,622	7,245	761,867	761,204	663
Attendance and social work services:					
Salaries	15,995		15,995	15,921	74
Purchased professional/technical services	4,500		4,500	4,500	
Total attendance and social work services	20,495		20,495	20,421	74
Health services:					
Salaries	52,475	114	52,589	52,409	180
Purchased professional/technical services	2,600	(255)	2,345	2,000	345
Supplies and materials	1,300	941	2,241	1,476	765
Total health services	56,375	800	57,175	55,885	1,290
Related services:					
Purchased professional - education services	56,000	(800)	55,200	39,767	15,433
Supplies and materials	500		500		500
Total related services	56,500	(800)	55,700	39,767	15,933
Extraordinary services:					
Other salaries for instruction	15,417	7,500	22,917	20,902	2,015
Purchased professional - education services	83,300	(5,500)	77,800	33,319	44,481
Supplies and materials	500		500		500
Total extraordinary services	99,217	2,000	101,217	54,221	46,996
Other support services - guidance services:					
Salaries of other professional staff	14,839		14,839	14,552	287
Total other support services - guidance services	14,839		14,839	14,552	287
Other support services - child study team					
Purchased professional - education services	9,905	(9,900)	5		5
Other purchased professional - technical services	1,500		1,500		1,500
Supplies and materials	1,500		1,500	107	1,393
Total other support services - child study team	12,905	(9,900)	3,005	107	2,898
Improvement of instruction services:					
Salaries of other professional staff	8,000		8,000		8,000
Other purchased services (400-500 series)	1,600		1,600	1,250	350
Total improvement of instruction services:	9,600		9,600	1,250	8,350

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Purchased professional - education services	1,650		1,650	1,489	161
Supplies and materials	4,530		4,530	3,569	961
Total educational media services/school library	6,180		6,180	5,058	1,122
Instructional staff training:					
Salaries of other professional staff	1,000		1,000	495	505
Purchased professional - education services		2,700	2,700		2,700
Other purchased services (400-500 series)	4,402		4,402	338	4,064
Supplies and materials	1,200		1,200		1,200
Total instructional staff training	6,602	2,700	9,302	833	8,469
Support services general administration:					
Salaries	74,572		74,572	71,583	2,989
Legal services	6,000		6,000	5,200	800
Audit fees	12,000		12,000	11,100	900
Other purchased professional services	7,098		7,098	2,906	4,192
Other purchased professional - technical services	1,500		1,500		1,500
Other purchased services (400-500 series)	11,600		11,600	6,672	4,928
Communications/telephone	7,900		7,900	6,174	1,726
B.O.E. other purchased services	300		300		300
Supplies and materials	6,500		6,500	4,290	2,210
B.O.E. in-house training/meeting supplies	150		150		150
Miscellaneous expenditures	2,900		2,900	1,874	1,026
B.O.E. membership dues and fees	4,200		4,200	3,011	1,189
Total support services general administration	134,720		134,720	112,810	21,910
Support services school administration:					
Salaries of principals/assistant principals	59,241		59,241	59,241	
Total support services school administration	59,241		59,241	59,241	
Central services					
Purchased professional services	74,072		74,072	74,072	
Purchased technical services	10,265		10,265	9,565	700
Other purchased services (400-500 series)	2,200		2,200	949	1,251
Supplies and materials	2,500		2,500	1,640	860
Total central services	89,037		89,037	86,226	2,811
Required maintenance for school facilities:					
Other salaries	1,000	2,000	3,000	2,735	265
Cleaning, repair and maintenance services	48,500	4,869	53,369	43,926	9,443
Supplies and materials		1,281	1,281	878	403
Total required maintenance for school facilities	49,500	8,150	57,650	47,539	10,111

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other operation and maintenance of plant services:					
Other salaries	7,000		7,000	5,249	1,751
Purchased professional and technical services	7,550		7,550	2,088	5,462
Cleaning, repair and maintenance services	65,600		65,600	60,090	5,510
Insurance	39,000	(13,000)	26,000	17,745	8,255
Other purchased services	500		500		500
General supplies	20,000		20,000	13,538	6,462
Energy - electricity	90,000	(7,943)	82,057	75,784	6,273
Energy - heat	65,000	7,800	72,800	66,855	5,945
Energy - gasoline	5,000	(5,000)			
Other objects	2,725		2,725	240	2,485
Total other operation and maintenance of plant services	302,375	(18,143)	284,232	241,589	42,643
Total operation and maintenance of plant services	351,875	(9,993)	341,882	289,128	52,754
Student transportation services:					
Salaries (between home and school) - regular	77,800	8,785	86,585	74,228	12,357
Salaries (between home and school) - special	45,350	(2,485)	42,865	41,745	1,120
Salaries (other than between home and school)	43,484	2,700	46,184	45,013	1,171
Cleaning, repair and maintenance services	3,000		3,000		3,000
Contracted services (regular students) - E.S.C. and C.T.S.A.	114,000	(27,500)	86,500	67,311	19,189
Contracted services (special education students) - E.S.C.	8,000	12,500	20,500	17,476	3,024
Miscellaneous purchased services	11,500	4,500	16,000	15,092	908
Supplies and materials	64,000	3,500	67,500	45,126	22,374
Aid in lieu	14,500	(3,900)	10,600	5,658	4,942
Miscellaneous expenditures	5,950		5,950	2,554	3,396
Total student transportation services	387,584	(1,900)	385,684	314,203	71,481
Unallocated benefits:					
Social security contributions	43,000		43,000	24,174	18,826
Other retirement contributions - regular	34,000	17,178	51,178	51,013	165
Unemployment compensation	95,000		95,000	95,000	
Workers' compensation	42,000	(1,000)	41,000	24,010	16,990
Health benefits	542,000	(26,123)	515,877	433,787	82,090
Tuition reimbursement	23,000	(70)	22,930	5,153	17,777
Other employee benefits	14,000	70	14,070	14,070	
Total unallocated benefits	793,000	(9,945)	783,055	647,207	135,848
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				113,395	(113,395)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				5,339	(5,339)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				121,943	(121,943)
Total non-budgeted				240,677	(240,677)
Total undistributed expenditures	2,852,792	(19,793)	2,832,999	2,702,790	130,209
Total expenditures - current expense	4,544,023	(28,938)	4,515,085	4,251,840	263,245

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction - instructional equipment		2,745	2,745	2,220	525
Operations and maintenance - equipment		893	893	893	
Student transportation - school buses - regular	107,700		107,700	82,700	25,000
Total equipment	107,700	3,638	111,338	85,813	25,525
Facilities acquisition and construction services:					
Other purchased professional and technical services		28,450	28,450	22,415	6,035
Other objects	1,022		1,022	1,022	
Total facilities acquisition and construction services	1,022	28,450	29,472	23,437	6,035
Total capital outlay	108,722	32,088	140,810	109,250	31,560
Total expenditures	4,652,745	3,150	4,655,895	4,361,090	294,805
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(391,413)	(3,150)	(394,563)	213,281	607,844
Other financing sources (uses)					
Transfers out - food service	(25,000)		(25,000)		(25,000)
Total other financing sources and uses	(25,000)		(25,000)		(25,000)
Net changes in fund balance	(416,413)	(3,150)	(419,563)	213,281	582,844
Fund balances - July 1	1,462,920		1,462,920	1,462,920	
Fund balances - June 30	1,046,507	(3,150)	1,043,357	1,676,201	582,844
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				285,139	
Maintenance reserve				153,850	
Emergency reserve				30,000	
Excess surplus - designated for subsequent year's expenditures				301,505	
Excess surplus - current year				348,173	
Assigned Fund Balance:					
Year-end encumbrances				7,543	
Designated for subsequent year's expenditures				284,500	
Unassigned Fund Balance				265,491	
				1,676,201	
Reconciliation to governmental fund statements (G.A.A.P.):					
Last state aid payment not recognized on G.A.A.P. Basis				(85,952)	
Fund balance per governmental funds (G.A.A.P.)				1,590,249	

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	88,445	38,689	127,134	127,134	
Local sources		5,307	5,307	5,307	
Total revenues	<u>88,445</u>	<u>43,996</u>	<u>132,441</u>	<u>132,441</u>	
EXPENDITURES:					
Instruction:					
Salaries of teachers	11,550	1,843	13,393	13,393	
Other salaries for instruction		6,896	6,896	6,896	
Other purchased services (400-500 series)	2,929	18,441	21,370	21,370	
Supplies and materials	22,390	7,116	29,506	29,506	
Total Instruction	<u>36,869</u>	<u>34,296</u>	<u>71,165</u>	<u>71,165</u>	
Support services:					
Personal services - employee benefits		1,945	1,945	1,945	
Purchased professional - technical services		4,307	4,307	4,307	
Purchased professional - educational services	45,810	890	46,700	46,700	
Other purchased services (400-500 series)	5,766	2,558	8,324	8,324	
Total support services	<u>51,576</u>	<u>9,700</u>	<u>61,276</u>	<u>61,276</u>	
Total expenditures	<u>88,445</u>	<u>43,996</u>	<u>132,441</u>	<u>132,441</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 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

		General Fund N-1		Special Revenue Fund
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	4,574,371	[C-2]	132,441
 Difference - budget to G.A.A.P.:				
Grant accounting budgetary basis differs from G.A.A.P. in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for G.A.A.P. statements in current year, previously recognized for budgetary purposes.				
		113,005		
State aid payment recognized for budgetary purposes, not recognized for G.A.A.P. statements.				
		(85,952)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	4,601,424	[B-2]	132,441
 Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	4,361,090		132,441
 Difference - budget to G.A.A.P.:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.				
	[B-2]	4,361,090	[B-2]	132,441

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward Ex. E-1a	Title I Part A ARRA	Title I Part A	Rural Education Achievement Program	Totals	
					FY 2011	FY 2010
REVENUES:						
Federal sources	82,435	422	15,902	28,375	127,134	147,279
State sources						1,000
Local sources	5,307				5,307	3,918
Total revenues	87,742	422	15,902	28,375	132,441	152,197
EXPENDITURES:						
Instruction:						
Salaries of teachers		220	13,173		13,393	18,865
Other salaries for instruction	6,896				6,896	32,406
Other purchased services (400-500 series)	21,370				21,370	42,001
General supplies	1,131			28,375	29,506	953
Total instruction	29,397	220	13,173	28,375	71,165	94,225
Support services:						
Personal services - employee benefits		16	1,929		1,945	4,250
Purchased professional - technical services	4,307				4,307	
Purchased professional - educational services	46,700				46,700	46,700
Other purchased services (400-500 series)	7,338	186	800		8,324	3,104
Supplies and materials						3,918
Total support services	58,345	202	2,729		61,276	57,972
Total expenditures	87,742	422	15,902	28,375	132,441	152,197

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward Ex. E-1b	NJ SBA Safety Grant	Mid Atlantic Dairy	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part D Enhancing Education through Technology	Total Carried Forward
REVENUES:						
Federal sources	75,097			7,300	38	82,435
Local sources		4,307	1,000			5,307
Total revenues	75,097	4,307	1,000	7,300	38	87,742
EXPENDITURES:						
Instruction:						
Other salaries for instruction	6,896					6,896
Other purchased services (400-500 series)	20,884		486			21,370
General supplies	617		514			1,131
Total instruction	28,397		1,000			29,397
Support services:						
Purchased professional - technical services		4,307				4,307
Purchased professional - educational services	46,700					46,700
Other purchased services (400-500 series)				7,300	38	7,338
Total support services	46,700	4,307		7,300	38	58,345
Total expenditures	75,097	4,307	1,000	7,300	38	87,742

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	I.D.E.A. Preschool	I.D.E.A. Part B ARRA	I.D.E.A. Part B 2010-2011	Total Carried Forward
REVENUES:				
Federal sources	890	18,763	55,444	75,097
Total revenues	890	18,763	55,444	75,097
EXPENDITURES:				
Instruction:				
Other salaries for instruction		6,896		6,896
Other purchased services (400-500 series)		11,250	9,634	20,884
General supplies		617		617
Total instruction		18,763	9,634	28,397
Support services:				
Purchased professional - educational services	890		45,810	46,700
Total support services	890		45,810	46,700
Total expenditures	890	18,763	55,444	75,097

PROPRIETARY FUNDS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2011	Totals FY 2010
ASSETS:				
Current assets:				
Cash and cash equivalents	2,634	392	3,026	13,454
Accounts receivable:				
State				112
Federal				1,444
Inventory	2,274		2,274	3,345
Total current assets	4,908	392	5,300	18,355
Non-current assets:				
Machinery and equipment	68,187		68,187	68,187
Less: accumulated depreciation	(58,980)		(58,980)	(56,884)
Total non-current assets	9,207		9,207	11,303
Total assets	14,115	392	14,507	29,658
LIABILITIES:				
Accounts payable				356
Cash overdraft				457
Total liabilities				813
NET ASSETS				
Invested in capital assets, net of related debt	9,207		9,207	11,303
Unrestricted	4,908	392	5,300	17,542
Total net assets	14,115	392	14,507	28,845

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2011	Totals FY 2010
OPERATING REVENUES:				
Local sources:				
Daily sales -				
Reimbursable programs	39,635		39,635	39,488
Non-reimbursable programs	12,310		12,310	13,652
Tuition		8,593	8,593	9,040
Total operating revenue	51,945	8,593	60,538	62,180
OPERATING EXPENSES:				
Salaries	33,694	7,194	40,888	41,958
Employee benefits	2,733	550	3,283	3,431
Purchased property services	732		732	279
Other purchased services	11,235		11,235	11,071
Supplies and materials	361		361	
Cost of sales	38,202		38,202	41,274
Depreciation	2,096		2,096	2,095
Total operating expenses	89,053	7,744	96,797	100,108
Operating income (loss)	(37,108)	849	(36,259)	(37,928)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	937		937	1,193
Federal sources:				
National school lunch program	16,127		16,127	15,374
Food distribution program	4,857		4,857	9,155
Total non-operating revenues (expenses)	21,921		21,921	25,722
Income (loss) before operating transfers	(15,187)	849	(14,338)	(12,206)
Other financing sources (uses)				
Operating transfer in - general Fund				25,000
Net income (loss)	(15,187)	849	(14,338)	12,794
Total net assets - July 1	29,302	(457)	28,845	16,051
Total net assets - June 30	14,115	392	14,507	28,845

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2011	Totals FY 2010
Cash flows from operating activities:				
Receipts from customers	51,945	8,593	60,538	62,180
Payments to suppliers	(49,815)		(49,815)	(52,820)
Payments to employees	(33,694)	(7,194)	(40,888)	(41,958)
Payments for employee benefits	(2,733)	(550)	(3,283)	(3,431)
Net cash provided (used) by operating activities	(34,297)	849	(33,448)	(36,029)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	23,477		23,477	24,166
Board contribution				25,000
Net cash provided by non-capital financing activities	23,477		23,477	49,166
Net increase in cash and cash equivalents	(10,820)	849	(9,971)	13,137
Cash and cash equivalents - July 1	13,454	(457)	12,997	(140)
Cash and cash equivalents - June 30	2,634	392	3,026	12,997
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(37,108)	849	(36,259)	(37,928)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	2,096		2,096	2,095
Change in assets and liabilities:				
(Increase) decrease in inventory	1,071		1,071	(552)
Increase (decrease) in accounts payable	(356)		(356)	356
	(34,297)	849	(33,448)	(36,029)

FIDUCIARY FUNDS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Trust Funds		Agency Funds		Totals	
	Scholarship Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	FY 2011	FY 2010
ASSETS:						
Cash and cash equivalents	4,472	94,099	11,848		110,419	70,652
Total assets	<u>4,472</u>	<u>94,099</u>	<u>11,848</u>		<u>110,419</u>	<u>70,652</u>
LIABILITIES:						
Due to student groups			11,848		11,848	12,050
Total liabilities			<u>11,848</u>		<u>11,848</u>	<u>12,050</u>
NET ASSETS:						
Reserve for encumbrances						1,280
Held in trust for:						
Unemployment claims		94,099			94,099	54,368
Scholarship awards	4,472				4,472	2,954
Total net assets	<u>4,472</u>	<u>94,099</u>			<u>98,571</u>	<u>58,602</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Trust Funds		Totals	
	Scholarship Trust	Unemployment Compensation Trust	FY 2011	FY 2010
ADDITIONS:				
Contributions:				
Plan members		3,157	3,157	3,749
Board of Education		95,000	95,000	
Others	1,500		1,500	1,500
Total contributions	1,500	98,157	99,657	5,249
Investment earnings:				
Interest		212	212	175
Total investment earnings		212	212	175
Total additions	1,500	98,369	99,869	5,424
DEDUCTIONS:				
Unemployment claims		58,638	58,638	2,931
Scholarships awarded	1,262		1,262	245
Total deductions	1,262	58,638	59,900	3,176
Change in net assets	238	39,731	39,969	2,248
Net assets July 1	4,234	54,368	58,602	56,354
Net assets June 30	4,472	94,099	98,571	58,602

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
ACTIVITIES:				
Elementary school	12,050	7,446	7,648	11,848

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
ASSETS:				
Cash and cash equivalents		2,194,438	2,194,438	
Total assets		<u>2,194,438</u>	<u>2,194,438</u>	
LIABILITIES:				
Employees' net pay		1,152,465	1,152,465	
Payroll deductions and withholdings		1,041,868	1,041,868	
Interfund Payable		105	105	
Total liabilities		<u>2,194,438</u>	<u>2,194,438</u>	

**STATISTICAL SECTION
(Unaudited)**

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	81-86
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	87-90
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	91-94
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	95-96
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	97-101

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Net Assets By Component
 Last Eight Fiscal Years
 For the Fiscal Year Ended June 30, 2011
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	946,582	911,726	770,603	595,814	741,886	676,263	610,486	601,201
Restricted	237,914	241,422	599,337	554,796	775,703	1,151,420	1,186,001	1,410,710
Unrestricted	431,222	464,766	22,887	230,264	123,172	51,764	69,805	96,704
Total governmental activities net assets	<u>1,615,718</u>	<u>1,617,914</u>	<u>1,392,827</u>	<u>1,380,874</u>	<u>1,640,761</u>	<u>1,879,447</u>	<u>1,866,292</u>	<u>2,108,615</u>
Business-type activities								
Invested in capital assets, net of related debt	4,248	1,914	1,602		15,493	13,398	11,303	9,207
Unrestricted	18,241	32,688	22,535	4,674	1,796	2,653	17,542	5,300
Total business-type activities net assets	<u>22,489</u>	<u>34,602</u>	<u>24,137</u>	<u>4,674</u>	<u>17,289</u>	<u>16,051</u>	<u>28,845</u>	<u>14,507</u>
District-wide								
Invested in capital assets, net of related debt	950,830	913,640	772,205	595,814	757,379	689,661	621,789	610,408
Restricted	237,914	241,422	599,337	554,796	775,703	1,151,420	1,186,001	1,410,710
Unrestricted	449,463	497,454	45,422	234,938	124,968	54,417	87,347	102,004
	<u>1,638,207</u>	<u>1,652,516</u>	<u>1,416,964</u>	<u>1,385,548</u>	<u>1,658,050</u>	<u>1,895,498</u>	<u>1,895,137</u>	<u>2,123,122</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Eight Fiscal Years
For the Fiscal Year Ended June 30, 2011
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
Instruction:								
Regular	1,349,536	1,479,341	1,544,013	1,674,165	1,519,852	1,495,052	1,508,549	1,441,678
Special education	94,517	109,732	144,826	160,142	217,138	210,381	211,250	166,930
Other special education	31,044	55,794	55,470	58,516	61,548	81,762	138,608	4,110
Other instruction					616	1,687	732	1,552
Support services:								
Tuition	538,784	566,584	614,057	669,381	565,401	595,614	488,660	761,204
Student & instruction and related services	202,069	230,063	247,198	150,295	212,305	267,415	300,073	251,425
General administration	205,149	133,319	70,761	72,696	128,399	124,318	130,919	112,810
School administrative services	63,361	65,047	149,868	144,123	56,511	57,719	59,241	59,241
Central services		65,705	71,978	72,677	75,560	84,447	89,152	86,226
Administrative information technology		1,560	1,743	1,080	1,204	1,797	2,156	
Plant operations and maintenance	240,045	291,669	305,420	340,566	367,540	334,194	359,133	283,799
Pupil transportation	222,548	254,325	273,720	281,640	305,753	355,780	344,052	314,203
Unallocated benefits	648,921	711,943	827,002	990,173	975,747	758,890	779,860	889,829
Capital outlay					9,734		14,412	3,113
Unallocated depreciation					89,114	60,026	57,739	80,907
Total governmental activities expenses	<u>3,595,974</u>	<u>3,965,082</u>	<u>4,306,056</u>	<u>4,615,454</u>	<u>4,586,422</u>	<u>4,429,082</u>	<u>4,484,536</u>	<u>4,457,027</u>
Business-type activities:								
Food service	79,679	76,161	83,033	88,013	95,201	95,888	90,611	89,053
Child care		770	433				9,497	7,744
Total business-type activities expense	<u>79,679</u>	<u>76,931</u>	<u>83,466</u>	<u>88,013</u>	<u>95,201</u>	<u>95,888</u>	<u>100,108</u>	<u>96,797</u>
Total district expenses	<u>3,675,653</u>	<u>4,042,013</u>	<u>4,389,522</u>	<u>4,703,467</u>	<u>4,681,623</u>	<u>4,524,970</u>	<u>4,584,644</u>	<u>4,553,824</u>
Program revenues								
Governmental activities								
Charges for services:								
Instruction (tuition)		16,840						
Pupil transportation	13,260	29,970	38,190	43,027				
Operating grants and contributions	178,403	207,943	394,498	505,810	118,281	108,198	152,197	132,441
Total governmental activities program revenues	<u>191,663</u>	<u>254,753</u>	<u>432,688</u>	<u>548,837</u>	<u>118,281</u>	<u>108,198</u>	<u>152,197</u>	<u>132,441</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Eight Fiscal Years
For the Fiscal Year Ended June 30, 2011
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:								
Charges for services:								
Food service	41,893	44,423	43,865	41,729	45,653	48,642	53,140	51,945
Child care		380					9,040	8,593
Operating grants and contributions	17,072	12,241	17,697	19,860	19,575	21,008	25,722	21,921
Total business-type activities program revenues	58,965	57,044	61,562	61,589	65,228	69,650	87,902	82,459
Total district program revenue	250,628	311,797	494,250	610,426	183,509	177,848	240,099	214,900
Net (expense) revenue:								
Governmental activities	(3,404,311)	(3,710,329)	(3,873,368)	(4,066,617)	(4,468,141)	(4,320,884)	(4,332,339)	(4,324,586)
Business-type activities	(20,714)	(19,887)	(21,904)	(26,424)	(29,973)	(26,238)	(12,206)	(14,338)
Total district-wide net expense	(3,425,025)	(3,730,216)	(3,895,272)	(4,093,041)	(4,498,114)	(4,347,122)	(4,344,545)	(4,338,924)
General revenues and other changes in net assets								
Governmental activities								
Property taxes levied for government purposes	2,500,000	2,602,961	2,603,000	3,000,000	3,120,000	3,170,000	3,230,000	3,359,200
Unrestricted grants and contributions	967,704	1,005,399	1,007,679	1,005,720	1,424,366	1,322,368	933,733	1,178,253
Restricted grants and contributions	118,249	125,074					123,835	
Tuition charges	6,650		14,200	12,750	16,900	17,070	30,830	12,229
Transportation fees					26,897	55,150	13,200	575
Investment earnings	3,517	14,304	31,393	42,779	33,850	18,128	10,545	31,840
Gain on disposal of assets		(9,941)	(7,326)	1,142	(2,946)			(34,515)
Transfers	(25,000)	(32,000)	(9,400)	(9,000)	(25,000)	(25,000)	(25,000)	
Miscellaneous income	4,591	6,728	8,735	1,273	2,099	1,854	2,041	19,327
Total governmental activities	3,575,711	3,712,525	3,648,281	4,054,664	4,596,166	4,559,570	4,319,184	4,566,909
Business-type activities								
Transfers	25,000	32,000	9,400	9,000	25,000	25,000	25,000	
Total business-type activities	25,000	32,000	9,400	9,000	25,000	25,000	25,000	
Total district-wide	3,600,711	3,744,525	3,657,681	4,063,664	4,621,166	4,584,570	4,344,184	4,566,909
Change in net assets								
Governmental activities	171,400	2,196	(225,087)	(11,953)	128,025	238,686	(13,155)	242,323
Business-type activities	4,286	12,113	(12,504)	(17,424)	(4,973)	(1,238)	12,794	(14,338)
Total district	175,686	14,309	(237,591)	(29,377)	123,052	237,448	(361)	227,985

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Eight Fiscal Years
For the Fiscal Year Ended June 30, 2011
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund:								
Reserved	571,863	672,381	625,107	650,457	775,703	1,099,868	1,186,001	1,410,710
Unreserved	156,251	102,738	68,218	206,947	207,437	193,786	163,914	179,539
Total general fund	<u>728,114</u>	<u>775,119</u>	<u>693,325</u>	<u>857,404</u>	<u>983,140</u>	<u>1,293,654</u>	<u>1,349,915</u>	<u>1,590,249</u>
All other governmental funds:								
Unreserved, reported in:								
Special revenue fund	(351)	(351)	(351)	(351)	(351)			
Capital projects fund	3,288							
Total all other governmental funds	<u>2,937</u>	<u>(351)</u>	<u>(351)</u>	<u>(351)</u>	<u>(351)</u>	<u>None</u>	<u>None</u>	<u>None</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax Levy	2,440,000	2,500,000	2,500,000	2,602,961	2,603,000	3,000,000	3,120,000	3,170,000	3,230,000	3,359,200
Tuition charges	7,488	11,146	6,650	16,840	14,200	12,750	16,900	17,070	30,830	12,229
Transportation fees			13,260	29,970	38,190	43,027	26,897	55,150	13,200	575
Interest earnings	20,034	7,271	3,517	14,304	31,393	42,779	33,850	18,128	10,545	31,840
Miscellaneous	10,048	8,691	4,591	6,728	8,735	4,273	2,099	1,854	5,959	24,634
State sources	1,054,090	1,130,973	1,158,395	1,224,867	1,295,753	1,394,452	1,434,389	1,323,719	934,733	1,178,253
Federal sources	64,720	91,525	106,675	114,713	106,782	114,078	108,258	106,847	271,114	127,134
Total revenue	<u>3,596,380</u>	<u>3,749,606</u>	<u>3,793,088</u>	<u>4,010,383</u>	<u>4,098,053</u>	<u>4,611,359</u>	<u>4,742,393</u>	<u>4,692,768</u>	<u>4,496,381</u>	<u>4,733,865</u>
Expenditures										
Instruction:										
Regular	1,433,022	1,356,646	1,211,726	1,323,479	1,352,500	1,548,948	1,511,187	1,489,200	1,504,926	1,447,868
Special	114,671	140,651	150,109	178,280	198,917	142,254	217,078	209,881	210,520	166,860
Other special instruction	105,721	83,560	31,044	55,794	55,470	58,516	62,432	83,308	139,050	3,935
Other instruction										1,552
Undistributed:										
Instruction	487,763	654,336	538,784	562,863	614,057	643,759	565,401	595,614	488,660	761,204
Student & instruction related services	179,109	194,181	207,076	233,784	249,865	178,867	212,105	255,870	293,584	251,425
General administration	128,800	136,684	131,107	122,405	132,525	126,235	128,399	124,318	130,919	112,810
School administration	46,889	46,625	53,083	54,133	53,418	54,808	56,511	57,719	59,241	59,241
Central administration				65,705	71,978	72,677	75,560	80,138	85,984	86,226
Administration information technology				1,560	1,743	1,080	1,204	1,797	2,156	
Plant operations & maintenance	273,172	277,390	240,045	291,669	305,420	340,566	362,906	340,704	356,620	289,128
Student transportation	207,719	222,087	216,382	254,325	273,720	281,640	307,123	339,182	331,056	314,203
Business and other support services	58,232	60,927	63,764							
Unallocated benefits	539,727	659,830	652,877	705,278	822,165	988,930	975,747	758,890	779,860	889,829
Capital outlay	18,639		17,648	84,227	39,635		116,004	20,282	32,544	109,250
Total expenditures	<u>3,593,464</u>	<u>3,832,917</u>	<u>3,513,645</u>	<u>3,933,502</u>	<u>4,171,413</u>	<u>4,438,280</u>	<u>4,591,657</u>	<u>4,356,903</u>	<u>4,415,120</u>	<u>4,493,531</u>
Excess (deficiency of revenues over (under) expenditures	2,916	(83,311)	279,443	76,881	(73,360)	173,079	150,736	335,865	81,261	240,334
Other financing sources (uses)										
Transfers out - capital projects		(143,395)		3,288						
Transfers out - childcare program	(2,450)	(1,000)								
Transfers out - food service	(80,000)	(89,000)	(25,000)	(32,000)	(9,400)	(9,000)	(25,000)	(25,000)	(25,000)	
Total other financing sources (uses)	<u>(82,450)</u>	<u>(233,395)</u>	<u>(25,000)</u>	<u>(28,712)</u>	<u>(9,400)</u>	<u>(9,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	
Net change in fund balance	<u>(79,534)</u>	<u>(316,706)</u>	<u>254,443</u>	<u>48,169</u>	<u>(82,760)</u>	<u>164,079</u>	<u>125,736</u>	<u>310,865</u>	<u>56,261</u>	<u>240,334</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

EXHIBIT J-5

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

Fiscal year ended June 30	Miscellaneous	Refund Prior Year	Other	Voided Checks	Annual Totals
2002	5,624	4,424			10,048
2003	5,991		2,290	410	8,691
2004	4,591				4,591
2005	6,728				6,728
2006	5,915	2,820			8,735
2007	3,973	300			4,273
2008	1,129	970			2,099
2009	338	1,516			1,854
2010	1,192	849			2,041
2011	3,304	16,023			19,327
	<u>38,785</u>	<u>26,902</u>	<u>2,290</u>	<u>410</u>	<u>68,387</u>

Source: District records.

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

Fiscal year ended June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2002	1,795,400	37,209,200	15,380,300	2,606,450	544,800	84,615,900	0	142,152,050	623,609	142,775,659	212,898,083	0.000
2003	1,619,200	38,615,200	15,264,700	2,611,250	655,300	81,100,000	0	139,865,650	546,161	140,411,811	223,785,040	0.000
2004	2,793,100	57,507,500	24,995,300	4,226,200	988,700	111,515,200	0	202,026,000	757,752	202,783,752	260,074,665	0.000
2005	2,679,200	58,728,500	25,396,200	4,242,010	1,527,200	111,615,200	0	204,188,310	641,378	204,829,688	219,935,707	0.000
2006	2,532,500	59,262,800	25,500,800	4,243,810	1,527,200	111,214,100	0	204,281,210	602,977	204,884,187	243,685,089	0.000
2007	2,469,000	59,410,500	25,789,100	4,205,910	1,527,200	111,214,100	0	204,615,810	544,459	205,160,269	246,124,871	0.000
2008	2,479,700	60,678,500	25,347,500	4,181,210	1,527,200	112,994,100	0	207,208,210	689,861	207,898,071	231,109,347	0.000
2009	2,445,400	61,197,000	25,783,200	4,311,000	1,527,100	113,154,200	0	208,417,900	507,414	208,925,314	314,570,493	0.000
2010	2,614,300	61,954,200	25,588,300	4,168,500	1,527,200	113,229,100	0	209,081,600	610,966	209,692,566	265,310,796	0.000
2011	3,198,600	64,264,700	23,401,100	3,907,300	1,527,200	113,498,600	0	209,797,500	423,390	210,220,890	296,419,755	0.000

Source: Municipal Tax Assessor.

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

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

Fiscal year ended June 30	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
				Township of LAC	Salem County	
2002	0.000	0.000	0.000	0.000	1.330	1.330
2003	0.000	0.000	0.000	0.000	1.496	1.496
2004	0.000	0.000	0.000	0.000	1.496	1.496
2005	0.000	0.000	0.000	0.000	1.136	1.136
2006	0.000	0.000	0.000	0.000	1.072	1.072
2007	0.000	0.000	0.000	0.000	1.127	1.127
2008	0.000	0.000	0.000	0.000	1.033	1.033
2009	0.000	0.000	0.000	0.000	1.336	1.336
2010	0.000	0.000	0.000	0.000	1.116	1.116
2011	0.000	0.000	0.000	0.000	1.268	1.268

Source: Municipal Tax Assessor.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
P.S.E.G.	113,525,800	54.00%	84,615,900	59.00%
Taxpayer #1	856,300	0.41%	535,500	0.38%
Taxpayer #2	703,800	0.33%	495,000	0.35%
Wave Maker 4	538,500	0.26%		
Taxpayer #3	523,000	0.25%	294,700	0.21%
Verizon NJ	423,390	0.20%		
Taxpayer #4	398,800	0.19%	187,700	0.13%
Taxpayer #5	392,700	0.19%		
Silver Lake Preserve	349,900	0.17%		
Taxpayer #6	336,500	0.16%		
Taxpayer #7			189,800	0.13%
Taxpayer #8			183,100	0.13%
Taxpayer #9			102,400	0.07%
Taxpayer #10			82,200	0.06%
Taxpayer #11			57,200	0.04%
	<u>118,048,690</u>	<u>56.15%</u>	<u>86,743,500</u>	<u>60.50%</u>

Source: Municipal Tax Assessor.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year</u> Amount	<u>Percent of</u> Levy	<u>Collections</u> in Subsequent Year
2002	1,808,098	1,808,098	100.00%	
2003	1,893,933	1,893,933	100.00%	
2004	2,338,369	2,338,369	100.00%	
2005	2,660,401	2,660,401	100.00%	
2006	2,707,792	2,707,792	100.00%	
2007	3,059,640	3,059,640	100.00%	
2008	3,299,639	3,299,639	100.00%	
2009	3,299,639	3,299,639	100.00%	
2010	3,230,000	3,230,000	100.00%	
2011	3,359,200	3,359,200	100.00%	

Source: District records.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	Governmental Activities				Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes			
2002	0	0	0	0	0	0	0.00%
2003	0	0	0	0	0	0	0.00%
2004	0	0	0	0	0	0	0.00%
2005	0	0	0	0	0	0	0.00%
2006	0	0	0	0	0	0	0.00%
2007	0	0	0	0	0	0	0.00%
2008	0	0	0	0	0	0	0.00%
2009	0	0	0	0	0	0	0.00%
2010	0	0	0	0	0	0	0.00%
2011	0	0	0	0	0	0	0.00%

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	0	0	0	0.00%	0
2003	0	0	0	0.00%	0
2004	0	0	0	0.00%	0
2005	0	0	0	0.00%	0
2006	0	0	0	0.00%	0
2007	0	0	0	0.00%	0
2008	0	0	0	0.00%	0
2009	0	0	0	0.00%	0
2010	0	0	0	0.00%	0
2011	0	0	0	0.00%	0

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2010
 Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Township of Lower Alloways Creek	0	100%	0
Salem County General Obligation Debt (5.43%)			<u>1,855,148</u>
Subtotal, overlapping debt			1,855,148
Township of Lower Alloways Creek School District			<u>0</u>
Total direct and overlapping debt			<u><u>1,855,148</u></u>

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	<u>Year</u>		<u>Equalized Valuation Basis</u>							
	2010		\$294,813,311							
	2009		\$262,193,861							
	2008		\$310,656,987							
			<u>\$867,664,159</u>							
Average equalized valuation of taxable property			289,221,386							
Debt limit (3% of average equalized value)			8,676,642							
Total net debt applicable to limit			<u>0</u>							
Legal debt margin			<u>8,676,642</u>							
Debt limit	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	5,624,248	5,872,200	6,256,644	6,967,578	7,037,954	7,236,955	6,896,657	7,803,869	7,988,957	8,676,642
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>5,624,248</u>	<u>5,872,200</u>	<u>6,256,644</u>	<u>6,967,578</u>	<u>7,037,954</u>	<u>7,236,955</u>	<u>6,896,657</u>	<u>7,803,869</u>	<u>7,988,957</u>	<u>8,676,642</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	1,872	56,478,240	30,170	6.00%
2003	1,887	58,995,168	31,264	6.40%
2004	1,890	61,997,670	32,803	5.10%
2005	1,899	63,185,427	33,273	2.50%
2006	1,894	66,536,220	35,130	2.60%
2007	1,881	68,470,281	36,401	2.60%
2008	1,885	71,673,355	38,023	3.30%
2009	1,892	72,484,412	38,311	5.80%
2010	n/a	n/a	n/a	6.20%
2011	n/a	n/a	n/a	n/a

Source: Data regarding school district population and per capita personal income was provided by the Department of Education.

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Public Service Electric & Gas	1,500	118.20%		
L.A.C. Township	75	5.91%		
L.A.C. Board of Education	50	3.94%		
	<u>1,625</u>	<u>128.05%</u>	<u>N/A</u>	<u>0.00%</u>

Source: County of Salem Department of Economic Development.

N/A - Not available

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

<u>Function/program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:										
Regular	26.3	26.3	22.3	22.8	22.5	24.4	23.7	24.1	23.5	21.70
Special education	1.7	1.8	1.9	2.0	2.6	2.8	4.1	5.1	5.4	3.52
Support services:										
Student & instruction related services	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.20
General administration	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.00
School administration	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.00
Business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.8	0.10
Plants operations and maintenance	4.6	4.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	
Pupil transportation	4.0	4.0	4.3	5.3	5.2	5.9	6.3	6.9	4.7	5.10
Food service	4.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0	2.3	2.30
Child care	2.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.9	0.30
Total	<u>46</u>	<u>45</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>41</u>	<u>42.0</u>	<u>43.9</u>	<u>44.5</u>	<u>36.22</u>

Source: District personnel records.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2002	223	3,574,825	16,031	6.96%	28.0	1:8	223.2	213.0	3.14%	95.43%
2003	225	3,832,917	17,035	6.27%	28.1	1:8	225.3	216.6	0.94%	96.14%
2004	228	3,495,997	15,333	-9.99%	24.2	1:9	218.7	210.4	-2.93%	96.20%
2005	229	3,849,275	16,809	9.62%	24.8	1:9	226.6	215.1	3.61%	94.92%
2006	238	4,131,778	17,360	3.28%	25.1	1:9	233.1	223.3	2.87%	95.80%
2007	230	4,438,280	19,297	11.15%	26.8	1:9	225.5	221.4	-3.26%	98.18%
2008	230	4,475,653	19,459	0.84%	26.8	1:9	232.5	222.9	3.10%	95.87%
2009	223	4,336,621	19,447	-0.06%	27.0	1:8	221.7	209.7	-4.65%	94.59%
2010	215	4,382,576	20,384	4.75%	27.0	1:8	219.3	203.1	-1.08%	92.61%
2011	202	4,384,281	21,704	11.61%	24.7	1:8	199.6	186.2	-8.98%	93.29%

Source: District records, A.S.S.A. and schedules J-12, J-14.

Note: Enrollment based on annual October District count.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary</u>										
Lower Alloways Creek:										
Square feet	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	225	228	229	238	230	230	234	237	220	200

Number of schools at June 30, 2011
 Elementary = 1

Source: District office.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2011
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

* School Facilities	Gross Square Footage	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Lower Alloways Creek	54,110	<u>79,384</u>	<u>38,376</u>	<u>16,824</u>	<u>29,782</u>	<u>22,255</u>	<u>31,019</u>	<u>46,129</u>	<u>42,033</u>	<u>41,754</u>	<u>47,539</u>	<u>395,095</u>

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2011
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Board Association		
Insurance group		
Property - blanket buildings & contents	12,306,149	5,000
Blanket hardware/software	25,000	1,000
Boiler & machinery		
Combined single limit	100,000,000	5,000
Crime		
Employee blanket bond/per employee	100,000	1,000
Employee blanket bond/theft, disappearance & destruction	25,000	500
Employee blanket bond/theft, disappearance money orders	25,000	500
Employee blanket bond/forgery per occurrence	100,000	1,000
General liability		
Bodily injury & property damage	6,000,000	None
Bodily injury products and completed operations	6,000,000	None
Sexual abuse	17,000,000	None
Personal and advertising injury	6,000,000	None
Employee benefits liability	6,000,000	1,000
Premises medical payments	10,000	100
Terrorism	1,000,000	None
Commercial automobile liability		
Bodily injury & property damage	6,000,000	None
School leaders errors & omissions liability policy	2,000,000	10,000
Workmen's compensation - NJ School Boards Association		
Insurance group		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Public employees' faithful performance bonds -		
Ohio Casualty Insurance Company		
Employee bond - Deborah Sowers, Treasurer	175,000	None
Employee bond - Shannon DuBois, Business Administrator/Board Secretary	10,000	None
Employee bond - Rebecca Joyce, Alternate Board Secretary	10,000	None

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

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
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

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 Lower Alloways Creek Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Lower Alloways Creek Township School District's basic financial statements and have issued our report thereon dated October 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Lower Alloways Creek Township School District, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Lower Alloways Creek Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

PETRONI & ASSOCIATES LLC



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

October 19, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

Compliance

We have audited the compliance of the Board of Education of the Lower Alloways Creek Township School District, in the County of Salem, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (O.M.B.) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2011. Lower Alloways Creek Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Lower Alloways Creek Township School District's management. Our responsibility is to express an opinion on the Lower Alloways Creek Township School District's compliance based on our audit.

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

and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lower Alloways Creek Township School District's compliance with those requirements.

In our opinion, the Lower Alloways Creek Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011.

Internal Control over Compliance

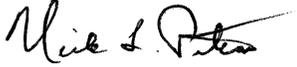
Management of the Lower Alloways Creek Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered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

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

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

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

PETRONI & ASSOCIATES LLC



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

October 19, 2011

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2011			Memo Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
Ed Jobs Fund	84.410	n/a	37,394	09/1/10	09/30/12										
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A	84.010A	NCLB280011	15,902	09/1/10	08/31/11			7,551	(15,902)			(8,351)			15,902
Title I - Part A	84.010A	NCLB280010	13,588	09/1/09	08/31/10	(3,964)		3,964							13,588
Title II-A - Teacher & Principal Training	84.367	NCLB280011	7,300	09/1/10	08/31/11			5,960	(7,300)			(1,340)			7,300
Title II-A - Teacher & Principal Training	84.367	NCLB280010	6,652	09/1/09	08/31/10	(1,610)		1,610							6,652
Title II-D - Education Technology	84.318	NCLB280011	38	09/1/10	08/31/11				(38)			(38)			38
Title II-D - Education Technology	84.318	NCLB280010	132	09/1/09	08/31/10	(22)		22							132
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB280009	473	09/1/09	08/31/10	(239)		239							473
I.D.E.A. Part B, Basic Regular	84.027A	IDEA280011	55,444	09/1/10	08/31/11			55,444	(55,444)						55,444
I.D.E.A. Part B, Preschool	84.173	IDEA280011	890	09/1/10	08/31/11			890	(890)						890
Rural Education Achievement Program	84.358	S358A101769	28,375	07/1/10	09/30/11			4,373	(28,375)			(24,002)			28,375
Rural Education Achievement Program	84.358	S358A091769	29,004	07/1/09	09/30/10	(4,901)		4,901							29,004
ARRA - Title 1	84.389	n/a	3,708	09/1/09	08/31/11	(615)		851	(422)			(186)			3,708
ARRA - IDEA Part B	84.391	n/a	55,587	09/1/09	08/31/11	(956)		5,093	(18,763)			(14,626)			55,587
Total Special Revenue Fund						(12,307)		90,898	(127,134)			(48,543)			217,093
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		4,857	07/1/10	06/30/11			3,037	(4,857)				(1,820)		4,857
Food Distribution Program	10.550		9,155	07/1/09	06/30/10	2,930			(2,930)						9,155
National School Lunch Program	10.555		16,127	07/1/10	06/30/11			16,127	(16,127)						
National School Lunch Program	10.555		15,374	07/1/09	06/30/10	(1,444)		1,444							15,374
Total Enterprise Fund						1,486		20,608	(23,914)			(1,820)			29,386
Total Federal Financial Awards						(10,821)		111,506	(151,048)			(48,543)	(1,820)		246,479

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2010				Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2011			Memo		
					Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	11-495-034-5120-078	526,492	07/1/10	06/30/11				526,492	(526,492)				50,561	526,492	
Transportation Aid	11-495-034-5120-014	121,171	07/1/10	06/30/11			121,171	(121,171)					11,636	121,171	
Special Education Aid	11-495-034-5120-089	120,734	07/1/10	06/30/11			120,734	(120,734)					11,594	120,734	
Security Aid	11-495-034-5120-084	19,694	07/1/10	06/30/11			19,694	(19,694)					1,891	19,694	
Adjustment Aid	11-495-034-5120-085	106,941	07/1/10	06/30/11			106,941	(106,941)					10,270	106,941	
Extraordinary Aid	11-100-034-5120-473	11,909	07/1/10	06/30/11						(11,909)				11,909	
Extraordinary Aid	10-100-034-5120-473	23,464	07/1/09	06/30/10	(23,464)		23,464							23,464	
Nonpublic Transportation Costs	n/a	1,044	07/1/10	06/30/11					(1,044)				(1,044)	1,044	
Nonpublic Transportation Costs	n/a	3,455	07/1/09	06/30/10	(3,455)		3,455							3,455	
Reimbursed T.P.A.F. Social Security Contributions	11-100-034-5095-002	121,943	07/1/10	06/30/11			116,154	(121,943)			(5,789)			121,943	
On-behalf T.P.A.F. Postretirement Contribution	11-100-034-5095-001	113,395	07/1/10	06/30/11			113,395	(113,395)						113,395	
On-behalf T.P.A.F. Pension Contribution	11-100-034-5095-007	5,339	07/1/10	06/30/11			5,339	(5,339)						5,339	
Total General Fund					(26,919)		1,156,839	(1,148,662)			(18,742)		85,952	1,175,581	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	11-100-010-3360-067	937	07/1/10	06/30/11			937	(937)							
National School Lunch Program (State Share)	10-100-010-3360-067	1,194	07/1/09	06/30/10	(112)		112							1,194	
Total Enterprise Fund					(112)		1,049	(937)						1,194	
Total State Financial Assistance					(27,031)		1,157,888	(1,149,599)			(18,742)		85,952	1,176,775	

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of O.M.B. Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Circular Letter 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for G.A.A.P. reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is (\$27,053) for the General Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a G.A.A.P. basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund		1,178,253	1,178,253
Special revenue fund	127,134		127,134
Food service fund	20,984	937	21,921
Total financial assistance	<u>148,118</u>	<u>1,179,190</u>	<u>1,327,308</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2011, Lower Alloways Creek Township School District has food commodities totaling \$1,820 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. T.P.A.F. Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2011.

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

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes No

Federal awards

N/A

State awards

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

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

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

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

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

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

Section I – Summary of Auditor’s Results

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
495-034-5120-085	Adjustment Aid
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-014	Transportation Aid

Section II – Financial Statement Findings

None

Section III – State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

None

STATE AWARDS

None

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

No matters were reported.