

**SCHOOL DISTRICT
OF
STOW CREEK TOWNSHIP**

**COMPREHENSIVE ANNUAL
Financial Report**

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended June 30, 2011

Prepared by

Stow Creek Township Board of Education

Finance Department

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

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INTRODUCTORY SECTION

Stow Creek Township School District

11 GUM TREE CORNER ROAD
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BUSINESS OFFICE TEL (856) 299-4240

BRIDGETON, NJ 08302-8951
FAX (856) 455-0833
FAX (856) 299-8182

Rodney Cruzan
Board President

John Klug
Chief School Administrator

Gary R. Moore
Board Secretary/
School Business Administrator

October 19, 2011

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Stow Creek Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on a basis of governmental, business-type and fiduciary funds, which are all included in this report. The Stow Creek Township Board of Education and its one school constitute the District's reporting entity.

Stow Creek Township School District provides a full range of educational services appropriate for grade levels Pre-K through Eighth grade. These include regular education, as well as special education for handicapped students. Our students in grades 9-12 are sent to Cumberland Regional High. The Stow Creek Township School District completed the 2010-2011 fiscal year with an enrollment of 133 students, which was 1 less student than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	133	(1)%
2009-10	134	(2)%
2008-09	137	(1)%
2007-08	138	(2)%
2006-07	141	(1)%
2005-06	143	5 %
2004-05	136	(3)%
2003-04	140	(1)%
2002-03	142	(5)%
2001-02	150	4 %

2. ECONOMIC CONDITION AND OUTLOOK:

Stow Creek Township continues to experience limited growth, as depicted in the enrollment statistics. Approximately three-quarters of the total area of the Township is considered prime farmland, which has been a significant factor in terms of Stow Creek's planned development, encouraging the retention of prime farmland for agricultural use.

Future development in Stow Creek is governed by natural or environmental factors, in addition to agricultural suitability of soils. The Township has no central sewer system and therefore, soil suitability for on-site waste disposal systems is crucial in terms of development potential. In addition, the recent upgrading of requirements by the New Jersey Department of Health, regarding on-site systems, mandates that areas with only slight limitations will be further restricted in density. Wetland regulations also impact on development potential. Several landowners have sold properties to NJ Fish and Wildlife Management and the State has also established a state park in the Township.

3. MAJOR INITIATIVES:

Stow Creek School District has used the new economies of scale generated by its alliance with Greenwich Township in the Greenwich-Stow Creek Partnership Schools to enhance the quality of instruction and the educational opportunities available to the children of both districts. The doubling in enrollment that the partnership has produced has given class sizes large enough to allow us to completely departmentalize the Sixth, Seventh and Eighth Grades in all subject areas.

The departmentalization has produced tangible benefits. Certified, highly-qualified teachers are now teaching in all the subject areas. Subjects previously not offered, such as Algebra, are now offered. All Special areas are now taught on a daily basis. All subject area teachers have common grade level planning time to allow for increased collaboration. Language Arts and Math are offered as double-period blocks to all grade levels. Social Studies and Science have gone from every other day to daily classes. BSI or Enrichment are provided to all students on a weekly basis.

Stow Creek has also made two major technology initiatives this year. First Smart Boards were installed in every classroom. Teachers were given extensive professional development in the use of the Smart Boards. To ensure their effective use and to do so in a cost effective, efficient manner the district is collaborating with the Educational Technology Training Center at Richard Stockton College. They are providing a technology infusion specialist to train our current technology teacher to work with our staff as an in-house technology infusion specialist. We have also opened this intensive hands-on training-the trainer to neighboring school districts to reduce the cost.

The second technology initiative was to install an integrated, global computerized information system. In addition to a complete Student Information System, we have added Discipline online, Teacher lesson plans online, teacher web-sites, and a student statistics tool that will allow our teachers to drill down on the specific skills that our students need to improve their understanding of the subject area.

In conclusion, the School District has committed itself to educational excellence and continued parsimony. The reorganization into departments was accomplished without increasing staff size or payroll. With the conversion to an up-to-date, web-based student information system, computerizing many of the teachers' planning and recordkeeping tasks and the implementation of technology in the classroom Stow Creek is taking the steps necessary to keep up with today's changing economic and regulatory conditions and still provide a world-class education for the children of Stow Creek Township.

4. INTERNAL ACCOUNTING CONTROLS:

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

and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are being 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 the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial statements section of the report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

As of June 30, 2011, the District does not have any debt.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:

- A. Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., 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 related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stow 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,



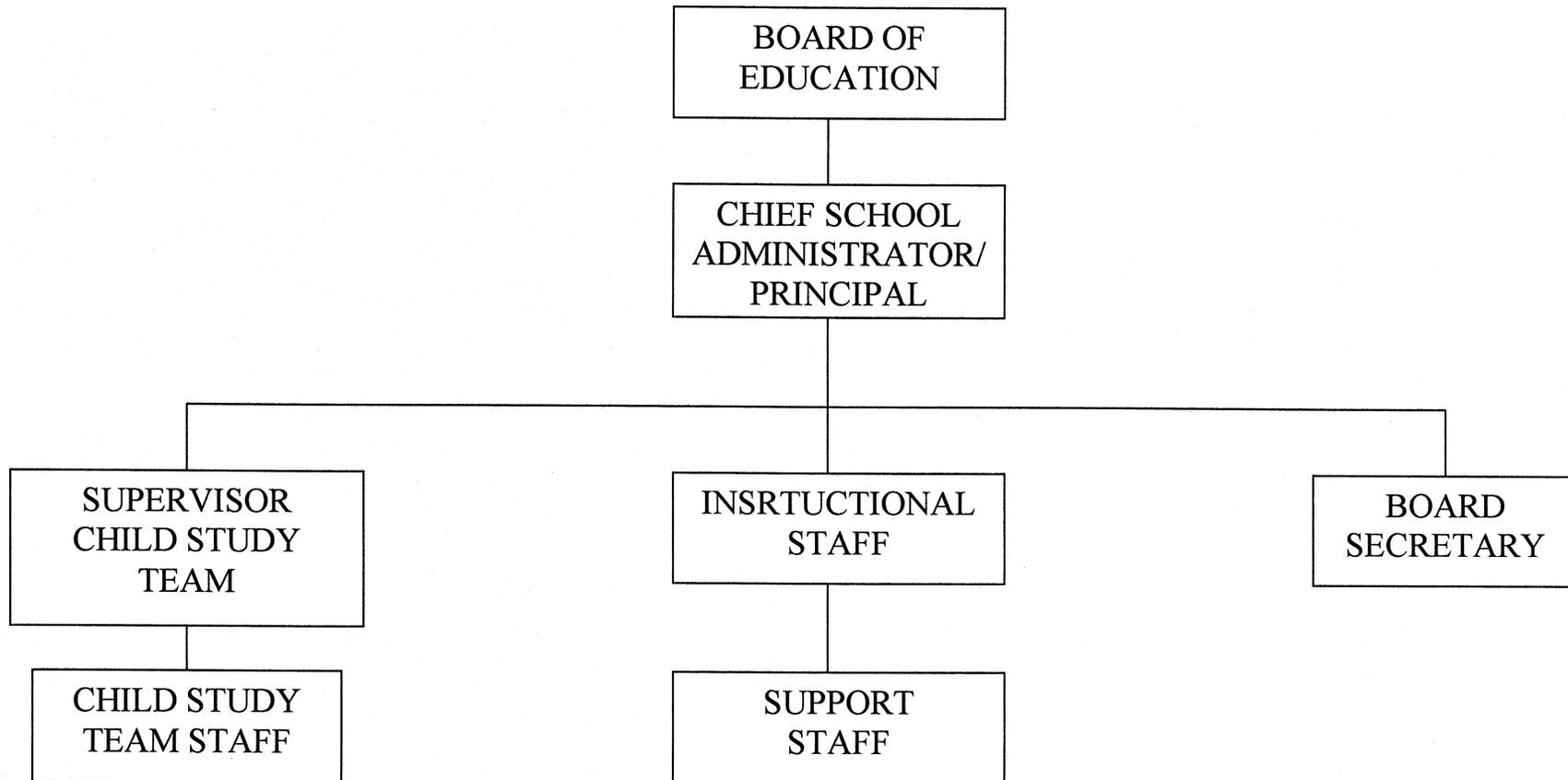
John Klug
Chief School Administrator



Gary R. Moore
Board Secretary / Business Administrator

STOW CREEK TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART (UNIT CONTROL)



STOW CREEK TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Rodney Cruzan, President	2012
Scott Bonham, Vice President	2013
Benjamin Cruzan	2013
Darlene Rosenberger	2013
Margo Hitchner	2012
Patricia Hitchner	2012
Cheryl Ann Ewing	2014
Heather Weber	2014
Todd Dooley	2014

OTHER OFFICIALS

Thomas Smith, Chief School Administrator (To April 30, 2011)

John Klug, Chief School Administrator (From May 1, 2011)

Gary R. Moore, Board Secretary/Business Administrator

Betty J. Dickinson, Treasurer of School Monies

Jane B. Capasso, Esq., Solicitor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
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Williamstown, NJ 08094

ATTORNEY

Jane B. Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein, Rothman & Capasso
110 North Sixth Street
Vineland, NJ 08362-0729

OFFICIAL DEPOSITORY

Bank of America
500 Shiloh Pike
Bridgeton, New Jersey 08302

Colonial Bank, FSB
85 W. Broad Street
Bridgeton, New Jersey 08302

State of New Jersey Cash Management Fund
Citi Fund Services
PO Box 182218
Columbus, OH 43216

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 19, 2011

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
Bridgeton, New Jersey 08302

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

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

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

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

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 18 and 49 through 56 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Stow Creek School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedure 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.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information included in this comprehensive annual financial report designated as the Statistical Section in the table of contents, is presented for the purpose of additional analysis. This information has not been audited by us and accordingly, we express no opinion on this information

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Stow Creek Township School District Management Discussion and Analysis

This section of the Stow Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2011. Comparative information between the current year (2010-11) and the prior year (2009-10) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

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 and performance.
- 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*, with the focus on operations.
- The *governmental fund 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 fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund 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 various information in the statements and provide more detail. 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 2011 are as follows:

- The assets of the Stow Creek School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2011 by \$589,485.
- Total net assets of governmental activities increased by \$41,759, comprised of changes in various assets and liabilities. The net assets of the Business-type Activities increased by \$18,951.
- As of the close of the current fiscal year, the Township of Stow Creek School District's Governmental Funds reflected combined ending fund balances of \$230,371, which is an increase of \$9,680 over the prior year.

- General revenues accounted for \$1,732,979, which was 85% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$297,323 or 15% percent to total revenues of \$2,030,302.
- The School District had \$1,969,592 in expenses, of which only \$297,323 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$1,820,579 in revenues, \$1,805,846 in expenditures and \$5,053 in other net financing uses. The General Fund balance increased \$9,680 over 2010. This increase was anticipated by the Board of Education, although fund balance of \$85,000 was used to balance the budget.

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 position.

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

In the Statement of Net Assets and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and After School Child Care enterprise funds are reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types 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 fund 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 fund 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. 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:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. 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 as these assets may not be used to finance the District's operations.

The School District as a Whole

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

Table 1
Net Assets

	2011	2010
Assets		
Current and Other Assets	\$ 325,757	\$ 339,572
Capital Assets, Net	354,001	326,579
Total Assets	679,758	666,151
Liabilities		
Current Liabilities	51,792	95,474
Long-term liabilities	38,481	41,902
Total Liabilities	90,273	137,376
Net Assets		
Invested in Capital Assets, Net of Debt	347,357	326,579
Restricted	169,241	48,390
Unrestricted	72,887	153,806
Total Net Assets	\$ 589,485	\$ 528,775

Table 2 shows the changes in net assets from fiscal year's 2011 and 2010.

Table 2
Changes in Net Assets

	2011	2010
Revenues		
Programs Revenues		
Charges for Services	\$ 66,867	\$ 67,668
Operating Grants	230,456	243,633
General Revenues		
Property Taxes	880,526	858,692
Grants and Entitlements	798,174	973,255
Other	54,279	13,028
Total Revenues	2,030,302	2,156,276
Program Expenses		
Instruction	696,216	765,233
Tuition	119,491	155,839
Pupil and Instructional Staff	145,602	155,446
General Administration, School		
Administration, Business	172,993	159,267
Operations and Maintenance of Facilities	172,945	173,289
Pupil Transportation	144,566	112,227
Employee Benefits	377,227	439,145
Other	46,037	38,567
Food Service & After School Care	94,515	109,347
Total Expenses	1,969,592	2,108,360
Increase in Net Assets	\$ 60,710	\$ 47,916

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 50.8% percent of the net revenues for governmental activities of \$1,732,979. Restricted and Unrestricted Federal, state and local grants accounted for another 46.1%. The total cost of services, as shown below, was \$1,969,592. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$1,674,582. Instruction comprises 37% of these net 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.

Table 3

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 696,216	\$ 627,469	\$ 765,233	\$ 697,668
Tuition	119,491	119,491	155,839	155,839
Pupil and Instructional Staff	145,602	115,142	155,446	119,457
General Administration, School				
Administration, Business	172,993	172,993	159,267	159,267
Operation and Maintenance of Facilities	172,945	172,945	173,289	173,289
Pupil Transportation	144,566	144,566	112,227	112,227
Employee Benefits	377,227	275,939	439,145	328,253
Unallocated Depreciation	46,037	46,037	38,567	38,567
Enterprise Funds	94,515	(2,313)	109,347	12,492
Total Expenses	<u>\$ 1,969,592</u>	<u>\$ 1,672,269</u>	<u>\$ 2,108,360</u>	<u>\$ 1,797,059</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

Co-curricular 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 as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law, as well as internal service fund expenses.

Unallocated Depreciation reflects the cost of fixed assets spread over the estimated useful lives of the individual assets

Business-Type Activities

Revenues for the District's business-type activities (Food Service and After School Child Care Programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded Revenues by \$2,313. This excess was offset by a board subsidy of \$5,053 and miscellaneous income of \$11,585, resulting in a positive change in net assets of \$18,951.

- Charges for services represent \$66,867 of revenue. This represents amount paid by patrons for daily food services activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$29,961.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$1,921,889, expenditures of \$1,907,156 and other net financing uses of \$5,053. The net positive change in fund balance for the year was \$9,680. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds.

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 (excluding Capital Projects) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2009</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 923,220	48.04%	\$ 51,500	5.92%
State Sources	928,143	48.29%	(90,595)	-8.96%
Federal Sources	70,526	3.67%	(98,437)	-127.35%
Total	\$ 1,921,889	100.00%	\$ (137,532)	-7.03%

The increase in Local sources is attributed to increases in the general fund local tax levy of \$21,834, tuition of \$3,080, transportation of \$25,092 and other miscellaneous revenues of \$1,494.

The decrease in State sources is attributed to an increase in State Public School aid of \$10,539, offset by decreases in various restricted state grants totaling \$101,134.

The above schedule includes the two last state aid payments for 2009-2010 of \$72,372 received in July 2010 and does not include the two last state aid payments for 2010-2011 received in July 2011 in the amount of \$64,681.

The decrease in Federal sources is due to the decrease in general fund revenues of \$100,776, offset by an increase in the Special Revenue Fund Grants of \$2,339. In addition, the 2011 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of General Fund and Special Revenue Fund Expenditures for the fiscal year ended June 30, 2011 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2010</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 696,216	36.51%	\$ (69,017)	-8.11%
Undistributed expenditures	1,136,245	59.58%	(40,850)	-3.82%
Capital Outlay	74,695	3.92%	(127,836)	-2259.38%
Total	<u>\$ 1,907,156</u>	<u>100.00%</u>	<u>\$ (237,703)</u>	<u>-12.35%</u>

The decrease in Instructional Expenditures is attributed to decreases in Regular Instruction of \$142,750, and Special Instructional Expenses of \$465 offset by an increase in other Instructional Expenses of \$73,016 and Special Revenue Grants of \$1,182.

The decrease in Undistributed Expenditures was due to lower expenses for student related costs of \$9,844, Tuition of \$36,348, and Employee Benefits of \$40,379 and Maintenance costs of \$344, offset by increases in Administration/Central Services costs of \$13,726 and Transportation costs of \$32,339.

The decrease in Capital Outlay is attributed mainly to a reduction in Capital Projects spending in the amount of \$127,836.

General Fund Budgeting 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 fiscal year 2011, 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:

- Staffing changes based on student needs.
- Additional costs for student transportation both in regular education and special education.
- Changes in maintenance and operations
- Changes in appropriations to prevent budget 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 increase of \$1,989 as shown on Exhibit C-1.

- Actual revenues were \$4,230 more than expected, excluding on-behalf pension and social security reimbursements of \$99,185, due to the increased tuition and non-public school transportation aid.
- Actual expenditures were \$87,065 less than expected. This excludes state on-behalf pension and social security reimbursements of \$99,185 and reflects favorable variances in most expenditure accounts.

Capital Assets

At the end of the fiscal year 2011, the School District had \$343,446 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2011</u>	<u>2010</u>
Land Improvements	\$ 15,271	\$ 16,607
Building and Improvements	199,883	205,154
Equipment	138,847	104,818
	<u> </u>	<u> </u>
Totals	<u>\$ 354,001</u>	<u>\$ 326,579</u>

Overall net Capital Assets increased by \$27,422 from fiscal year 2010 to fiscal year 2011. Capital Assets increased by the purchase of a new school bus in the amount of \$74,695, offset by depreciation expenses of \$47,273 for the year.

Long-Term Debt:

At year-end, the District had outstanding compensated absences of \$38,481. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$3,671,806.

Factors Bearing on the District's Future

The Greenwich-Stow Creek Partnership between Stow Creek and Greenwich Township is entering its third year. As the Partnership matures and continues to develop in new productive modes, Stow Creek Township School District foresees gaining increasingly more benefits from the economies of scale and opportunities generated by this alliance. It is anticipated that new and innovative uses of the partnership will allow the continued enhancement of the quality of instruction and the expansion of educational opportunities available to the children of both districts while at the same time maintaining fiscally prudent stewardship of taxpayers' dollars.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact John Klug, Chief School Administrator, at Stow Creek Township School District, 11 Gum Tree Corner Road, Bridgeton, NJ 08302.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 197,124	\$ 42,331	\$ 239,455
Receivables, Net	77,575	3,135	80,710
Interfunds Receivable	2,274		2,274
Inventory		2,457	2,457
Restricted Assets:			
Capital Reserve Account - Cash	861		861
Capital Assets, Net (Note 5):	343,446	10,555	354,001
Total Assets	<u>621,280</u>	<u>58,478</u>	<u>679,758</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	22,621	2,954	25,575
Payable to State Governments	10,505		10,505
Deferred Revenue	14,337	1,375	15,712
Noncurrent Liabilities:			
Due Beyond One Year	38,481		38,481
Total Liabilities	<u>85,944</u>	<u>4,329</u>	<u>90,273</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	336,802	10,555	347,357
Restricted for:			
Capital projects	64,632		64,632
Restricted	104,609		104,609
Unrestricted	29,293	43,594	72,887
Total Net Assets	<u>\$ 535,336</u>	<u>\$ 54,149</u>	<u>\$ 589,485</u>

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total	
Governmental Activities:							
Instruction:							
Regular	\$ 544,178	\$	\$ 68,747	\$ (475,431)	\$	\$ (475,431)	
Special Education	45,708			(45,708)		(45,708)	
Other Instruction	106,330			(106,330)		(106,330)	
Support Services:							
Tuition	119,491			(119,491)		(119,491)	
Student & Instruction Related Services	145,602		30,460	(115,142)		(115,142)	
General and Business Administrative Services	120,182			(120,182)		(120,182)	
School Administrative Services	24,544			(24,544)		(24,544)	
Central Services	28,267			(28,267)		(28,267)	
Plant Operations and Maintenance	172,945			(172,945)		(172,945)	
Pupil Transportation	144,566			(144,566)		(144,566)	
Unallocated Benefits	377,227		101,288	(275,939)		(275,939)	
Unallocated Depreciation	46,037			(46,037)		(46,037)	
Total Governmental Activities	1,875,077		200,495	(1,674,582)		(1,674,582)	
Business-type Activities:							
Food Service	79,837	51,500	29,961		1,624	1,624	
After School Childcare	14,678	15,367			689	689	
Total Business-type Activities	94,515	66,867	29,961		2,313	2,313	
Total Primary Government	\$ 1,969,592	\$ 66,867	\$ 230,456	(1,674,582)	2,313	(1,672,269)	
General revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				880,526		880,526	
Federal and State Aid not restricted				798,174		798,174	
Tuition Received				7,545		7,545	
Transportation Fees Received				31,500		31,500	
Miscellaneous Income				3,649	11,408	15,057	
Transfers				(5,053)	5,053		
Interest					177	177	
Total General Revenues, Special Items, Extraordinary Items and Transfers				1,716,341	16,638	1,732,979	
				Change in Net Assets	41,759	18,951	60,710
				Net Assets—Beginning	493,577	35,198	528,775
				Net Assets—Ending	\$ 535,336	\$ 54,149	\$ 589,485

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

**STOW CREEK TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 147,712	\$ 1,282	\$ 54,774	\$ 203,768
Cash - Capital Reserve	861			861
Accounts Receivables:				
State	2,436		8,997	11,433
Federal		25,634		25,634
Other Intergovernmental	40,006	502		40,508
Interfund Receivable	2,274			2,274
Total Assets	<u>\$ 193,289</u>	<u>\$ 27,418</u>	<u>\$ 63,771</u>	<u>\$ 284,478</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,545	\$ 3,076		\$ 22,621
Interfund Payable	6,644			6,644
Payable to State Government		10,505		10,505
Deferred Revenue	500	13,837		14,337
Total Liabilities	<u>26,689</u>	<u>27,418</u>		<u>54,107</u>
Fund Balances:				
Restricted For:				
Capital Reserve	861			861
Capital Projects Fund			59,777	59,777
Committed To:				
Year - End Encumbrances	6,614		3,994	10,608
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures	104,609			104,609
Unassigned, Reported In:				
General Fund	54,516			54,516
Total Fund Balances	<u>166,600</u>		<u>63,771</u>	<u>230,371</u>
Total Liabilities and Fund Balances	<u>\$ 193,289</u>	<u>\$ 27,418</u>	<u>\$ 63,771</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$933,304 and the accumulated depreciation is \$589,858 (Note 5).

343,446

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).

(38,481)

Net Assets of Governmental Activities

\$ 535,336

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 880,526			\$ 880,526
Tuition from Individuals	7,545			7,545
Transportation Fees from Other LEA's	31,500			31,500
Unrestricted Miscellaneous Revenues	3,649			3,649
Total Local Sources	923,220			923,220
State Sources	897,359	30,784		928,143
Federal Sources		70,526		70,526
Total Revenues	1,820,579	101,310		1,921,889
EXPENDITURES				
Current:				
Regular Instruction	475,431	68,747		544,178
Special Education Instruction	45,708			45,708
Other Instruction	106,330			106,330
Support services:				
Tuition	119,491			119,491
Student & Instruction Related Services	115,142	30,460		145,602
General Administration	120,182			120,182
School Administrative Services	24,544			24,544
Central Services	28,267			28,267
Plant Operations and Maintenance	172,945			172,945
Pupil Transportation	144,566			144,566
Employee Benefits	378,545	2,103		380,648
Capital Outlay	74,695			74,695
Total Expenditures	1,805,846	101,310		1,907,156
Excess (Deficiency) of Revenues Over Expenditures	14,733			14,733
OTHER FINANCING SOURCES (USES)				
Transfers Out - Food Service Fund	(5,053)			(5,053)
Total Other Financing Sources and Uses	(5,053)			(5,053)
Net Change in Fund Balances	9,680			9,680
Fund Balance—July 1	156,920		63,771	220,691
Fund Balance—June 30	\$ 166,600		\$ 63,771	\$ 230,371

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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) \$ 9,680

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation expense	\$	(46,037)	
Capital outlays		74,695	
			28,658

In the statement of activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid.

3,421

Change in Net Assets of Governmental Activities (A-2) \$ 41,759

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

PROPRIETARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 24,571	\$ 11,116	\$ 35,687
Accounts Receivable:			
State	47		47
Federal	1,363		1,363
Other Program Fees		1,725	1,725
Interfund	6,644		6,644
Inventory	2,457		2,457
Total Current Assets	<u>35,082</u>	<u>12,841</u>	<u>47,923</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	51,779		51,779
Less Accumulated Depreciation	(41,224)		(41,224)
Total Noncurrent Assets	<u>10,555</u>		<u>10,555</u>
Total Assets	<u>\$ 45,637</u>	<u>\$ 12,841</u>	<u>\$ 58,478</u>
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable	\$ 2,954		\$ 2,954
Deferred Revenue	1,375		1,375
Total Current Liabilities	<u>4,329</u>		<u>4,329</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,555		10,555
Unrestricted	30,753	12,841	43,594
Total Fund Equity	<u>41,308</u>	<u>12,841</u>	<u>54,149</u>
Total Liabilities & Net Assets	<u>\$ 45,637</u>	<u>\$ 12,841</u>	<u>\$ 58,478</u>

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 22,996		\$ 22,996
Food Sales Non-Reimbursable Programs	28,504		28,504
After School Childcare Fees		15,367	15,367
Total Operating Revenue:	51,500	15,367	66,867
Operating Expenses:			
Salaries	28,688	12,612	41,300
Supplies and Materials	20,364	566	20,930
Cost of Sales	14,947		14,947
Management Fee	12,500		12,500
Miscellaneous	2,102	1,500	3,602
Depreciation	1,236		1,236
Total Operating Expenses	79,837	14,678	94,515
Operating Income (Loss)	(28,337)	689	(27,648)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	645		645
State - Other	120		120
Federal Sources:			
National School Lunch Program	15,324		15,324
School Breakfast Program	6,241		6,241
Food Distribution Program	7,631		7,631
Prior Order Adjustments	8,795	2,613	11,408
Interest	177		177
Total Non-operating Revenues (Expenses)	38,933	2,613	41,546
Income (Loss) before Contributions & Transfers	10,596	3,302	13,898
Transfers In (Out)	5,053		5,053
Change in Net Assets	15,649	3,302	18,951
Total Net Assets—Beginning	25,659	9,539	35,198
Total Net Assets—Ending	\$ 41,308	\$ 12,841	\$ 54,149

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities Enterprise Funds		
	Food Service	After School Childcare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 51,500	\$ 15,367	\$ 66,867
Payments to Employees	(28,688)	(12,612)	(41,300)
Payments to Suppliers	(26,439)	(566)	(27,005)
Payment to Others	(29,362)	(3,724)	(33,086)
Net Cash Provided by (used for) Operating Activities	(32,989)	(1,535)	(34,524)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	765		765
Federal Sources	29,196		29,196
Prior Year Order Adjustment	8,795	2,613	11,408
Operating transfers in	5,053		5,053
Net Cash Provided by (used for) Non-capital Financing Activities	43,809	2,613	46,422
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets			
Net Cash Used by Capital Financing			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	177		177
Net Cash Provided by (used for) Investing Activities	177		177
Net Increase (Decrease) in Cash and Cash Equivalents	10,997	1,078	12,075
Balances—Beginning of Year	13,574	10,038	23,612
Balances—End of Year	\$ 24,571	\$ 11,116	\$ 35,687
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (28,337)	\$ 689	\$ (27,648)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	1,236		1,236
(Increase)Decrease in Accounts Receivable, Net	2,522	389	2,911
(Increase)Decrease in Interfund Receivable, Net	5,604		5,604
(Increase)Decrease in Inventories	323		323
Increase(Decrease) in Accounts Payable	(14,071)	(16)	(14,087)
Increase(Decrease) in Interfund Accounts Payable		(2,597)	(2,597)
Increase(Decrease) in Deferred Revenue	(266)		(266)
Total Adjustments	(4,652)	(2,224)	(6,876)
Net Cash Provided by (used for) Operating Activities	\$ (32,989)	\$ (1,535)	\$ (34,524)

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

FIDUCIARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Trust Funds</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>		<u>Student Activity</u>	<u>Payroll</u>
ASSETS				
Cash and Cash Equivalents	\$ 34,095	\$	16,282	\$ 18,141
Interfund Accounts Receivable				
Unemployment Account				6
Total Assets	<u>\$ 34,095</u>	<u>\$</u>	<u>16,282</u>	<u>\$ 18,147</u>
LIABILITIES				
Payable to Student Groups	\$	\$	16,082	\$
Accounts Payable			200	
Payroll Deductions and Withholdings				15,873
Interfund Accounts Payable:				
General Fund				2,274
Payroll Agency Account	6			
Total Liabilities	<u>\$ 6</u>	<u>\$</u>	<u>16,282</u>	<u>\$ 18,147</u>
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 34,089</u>			

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ -
Investments and Earnings:	
Interest	28
Total Additions	<u>28</u>
DEDUCTIONS:	
Unemployment Claims	-
Total Deductions	<u>0</u>
Change in Net Assets	28
Net Assets -- July 1	<u>34,061</u>
Net Assets -- June 30	<u>\$ 34,089</u>

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

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

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Stow 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 seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades Pre K-8. The Stow Creek Township School District had an approximate enrollment at June 30, 2011 of 133 students.

Business Administrator/Board Secretary services are contracted with the Alloway School District including responsibility for the administrative control of the district.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of 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, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (continued)

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

GOVERNMENTAL FUNDS

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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes 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 capital 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 Government, (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. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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.

Permanent Fund - The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, which are stipulated for the benefit of the School District or its students. The School District does not maintain a non-expendable scholarship fund that would require a permanent fund.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School District's Enterprise funds are as follows:

Food Service Fund – This fund accounts for the financial transactions of the food service operations of the District.

School Age Child Care Program - This fund accounts for the financial activity related to providing day care services to the students.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund - Equipment	10 to 20 Years
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FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. They account for assets where both the principal and interest may be spent. Expendable Trusts include Unemployment Compensation Insurance and scholarship funds, if any:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office 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. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year, subject to certain rules. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

E. Encumbrance Accounting:

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

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

F. Tuition Receivable:

Tuition charges, when applicable, are established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2008-09, 2009-10 and 2010-11 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Inventories and Prepaid Expenses:

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

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

I. Short-Term Interfund Receivables/Payables:

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

J. Assets, Liabilities and Equity:

Transactions

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

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

At June 30, 2011, there was an ending inventory of \$2,457 in the Food Service Fund, of which \$1,375 was federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2011 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity: (continued)

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

K. 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 for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust 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 absences liability is reported in the district- wide Statement of Net Assets.

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

L. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

M. Operating Revenues and Expenses:

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

N. 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 not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. 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.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

V. Revenues – Exchange and Non-exchange Transactions:

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

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

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks 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 and 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.

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

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits:

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

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

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

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

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

Investments:

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2011, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 306,993
NJ Cash Management	1,841
Total	<u>\$ 308,834</u>

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2011, the School Districts bank balance of \$195,293 was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		77,684
		77,684
	\$	327,684

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stow Creek Board of Education by inclusion of \$35,947 on June 30, 1998 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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 LRFP.

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

Beginning Balance, July 1, 2010	\$	861
Interest Earnings		
Deposits		
Withdrawal in Budget		
Ending Balance, June 30, 2011	\$	861

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$201,939. There were no withdrawals from the capital reserve during fiscal year 2010-11.

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

NOTE 5. CAPITAL ASSETS

Capital Asset Activity for the Year Ended June 30, 2011 was as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Land				
Construction in Progress				
Total Capital Assets not Being Depreciated				
Land Improvements	\$ 74,584	\$ -		\$ 74,584
Building and Building Improvements	393,816			393,816
Equipment	390,209	74,695		464,904
Totals at Historical Cost	858,609	74,695		933,304
Less Accumulated Depreciation for :				
Land Improvements	(57,977)	(1,336)		(59,313)
Building and Improvements	(188,662)	(5,271)		(193,933)
Equipment	(297,182)	(39,430)		(336,612)
Total Accumulated Depreciation	(543,821)	(46,037)		(589,858)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	314,788	28,658		343,446
Government Activities Capital Assets, Net	\$ 314,788	\$ 28,658	\$ -	\$ 343,446
				To A-1
Business-type Activities - Equipment	\$ 51,779			\$ 51,779
Less Accumulated Depreciation	(39,988)	(1,236)		(41,224)
Business-type Activities Capital Assets, Net	\$ 11,791	\$ (1,236)	\$ -	\$ 10,555

Depreciation Expense was Charged to Governmental Functions as Follows:

Unallocated	<u>\$ 46,037</u>
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**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Compensated Absences Payable	\$ 41,902	\$ -	\$ 3,421	\$ 38,481		\$ 38,481
Total Other Liabilities	\$ 41,902	\$ -	\$ 3,421	\$ 38,481	\$ -	\$ 38,481

Bonds Authorized and Issued -- As of June 30, 2011, the District had no bonds authorized but not issued.

Capital Leases – At June 30, 2011, the Board of Education did not have any capital leases.

NOTE 7. OPERATING LEASES

The District had commitments to lease two copiers under operating leases that expire in 2015. Future minimum lease payments are as follows:

Year Ending June 30,	<u>Amount</u>
2012	\$ 7,776
2013	7,776
2014	7,776
2015	5,832
Total Future Minimum Lease Payments	<u>\$ 29,160</u>

The total operating lease payments made during the year ended June 30, 2011 were \$7,776.

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems 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 and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) - 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.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, 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. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. 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, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the Public Employees' Retirement System as of June 30, 2005 since the requirements were fully funded by the State of New Jersey.

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

NOTE 8. PENSION PLANS (CONT'D)

Contribution Requirements - 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. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS

Year Funding	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	%	<u>Net Pension Obligation</u>
6/30/11	\$ 12,947	100	%	\$ 12,947
6/30/10	10,837	100		10,837
6/30/09	9,264	100		9,264

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	%	<u>Net Pension Obligation</u>
6/30/11	\$ 50,505	100	%	\$ 0
6/30/10	52,961	100		0
6/30/09	51,164	100		0

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$2,271 to the TPAF for contributory insurance and \$48,234 for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$48,680 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

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

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a 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 Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

NOTE 10. COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School district employees who are employed for twelve month are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School district employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may be accumulated and carried forward by certain employees. Benefits paid in any future year will be calculated according to formulas outlined in the school districts' agreements with the various employee unions and included in the current year's budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, the estimated liability for compensated absences in the governmental activities was \$38,481.

STOW 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, permits 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 administrator is as follows:

Lincoln Investments
GWN Marketing
LSW

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of 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 prior 2 years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ None	\$ 28	\$ 0	\$ 34,089
2009-2010	None	1,738	24,097	34,061
2008-2009	None	2,655	0	56,420

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,274	\$ 6,644
Food Service Fund	6,644	
Payroll Fund		2,274
Total	\$ 8,918	\$ 8,918

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

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$166,600 General Fund balance at June 30, 2011, \$861 is reserved for Capital Reserve; \$6,614 is committed for Encumbrances; nothing was required to be reserved as excess surplus at June 30, 2011 in accordance with N.J.S.A. 18A:7F-7; \$104,609 zero has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and \$54,516 is unreserved and undesignated.

Debt Service Fund – There was no unreserved and undesignated Debt Service fund balance at June 30, 2011.

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General 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. There is no excess fund balance at June 30, 2011 that must be budgeted in the 2012-13 budget. The excess fund balance at June 30, 2010 was zero.

NOTE 16. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

NOTE 17. DEFICIT FUND BALANCES

The District did not have any deficit fund balances in the General or Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 880,526	\$	\$ 880,526	\$ 880,526	\$
Tuition from Individuals	6,400		6,400	7,545	1,145
Transportation Fees from Other LEA's	31,500		31,500	31,500	
Unrestricted Miscellaneous Revenues	3,000		3,000	3,649	649
Total - Local Sources	921,426		921,426	923,220	1,794
State Sources:					
Categorical Special Education Aid	66,206		66,206	66,206	
Equalization Aid	589,305		589,305	589,305	
Categorical Security Aid	15,939		15,939	15,939	
Adjustment Aid	66,174		66,174	66,174	
Categorical Transportation Aid	50,423		50,423	50,423	
Additional Nonpublic School Transportation Aid				2,436	2,436
On-Behalf TPAF Pension Contrib (Non-budgeted)					
Non-Contributory Ins				2,271	2,271
Post-Retirement Medical Contribution				48,234	48,234
Reimbursed TPAF Social Security Contributions (Non-budgeted)				48,680	48,680
Total - State Sources	788,047		788,047	889,668	101,621
TOTAL REVENUES	1,709,473		1,709,473	1,812,888	103,415
EXPENDITURES:					
Current Expense:					
Salaries of Teachers:					
Kindergarten	7,117	(500)	6,617	6,196	421
Grades 1-5	312,048	(57,852)	254,196	253,586	610
Grades 6-8	89,271	61,300	150,571	148,857	1,714
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000		
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	22,373	1,000	23,373	23,041	332
Other Purchased Services	16,800	(3,000)	13,800	13,361	439
General Supplies	32,399	(2,006)	30,393	22,612	7,781
Textbooks	5,000	(2,200)	2,800	2,723	77
Other Objects	8,000	(2,500)	5,500	5,055	445
Total Regular Programs - Instruction	\$ 494,008	\$ (5,758)	\$ 488,250	\$ 475,431	\$ 12,819

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	\$	\$	\$	\$	\$
Purchased Professional Education Services					
General Supplies					
Textbooks					
Total Multiple Disability					
Resource Room/ Resource Center					
Salaries of Teachers	45,549	(201)	45,348	45,348	
Other Salaries for Instruction		400	400	360	40
General Supplies	750	(700)	50		50
Textbooks	450	(400)	50		50
Total Resource Room/Resource Center	46,749	(901)	45,848	45,708	140
Total Special Education - Instruction	46,749	(901)	45,848	45,708	140
Basic Skills/Remedial - Instruction					
Salaries of Teachers	98,632	(3,099)	95,533	95,172	361
General Supplies	500		500	465	35
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	99,232	(3,099)	96,133	95,637	496
School Sponsored Co-curricular Activities - Instruction					
Salaries of Teachers	6,155	(555)	5,600	5,600	
Total School Sponsored Co-curr. Act. - Instr.	6,155	(555)	5,600	5,600	
School Sponsored Athletics - Athletics					
Salaries of Teachers	3,000	590	3,590	3,579	11
Other Purchased Services	1,500	10	1,510	1,504	6
Supplies and Materials	500		500	10	490
Total School Sponsored Athletics - Instruction	5,000	600	5,600	5,093	507
Total Instruction	651,144	(9,713)	641,431	627,469	13,962
Undistributed Expenditures:					
Instruction					
Tuition - Other LEAs Within the State - Special		17,237	17,237	17,237	
Tuition - CSSD & Regular Day Schools	117,786	(3,492)	114,294	102,254	12,040
Total Instruction	117,786	13,745	131,531	119,491	12,040
Attendance and Social Work Services:					
Salaries	6,803	3,525	10,328	10,312	16
Total Attendance and Social Work Services	\$ 6,803	\$ 3,525	\$ 10,328	\$ 10,312	\$ 16

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Health Services:					
Salaries	\$ 49,267	\$ 87	\$ 49,354	\$ 49,354	
Purch Professional/Technical Services	1,600	100	1,700	1,660	
Other Purchased Services	500	(300)	200	102	98
Supplies and Materials	1,800	200	2,000	1,989	11
Total Health Services	53,167	87	53,254	53,105	149
Other Support Services-Students-Related Services:					
Purchased Professional/Educational Services	23,300	(7,435)	15,865	12,225	3,640
Supplies and Materials	50		50		50
Other Objects	100		100		100
Total Other Support Serv-Students-Related Services	23,450	(7,435)	16,015	12,225	3,790
Other Support Services-Students-Extra Services:					
Purchased Professional/Educational Services	5,000		5,000	1,700	3,300
Total Other Support Serv-Students-Extra Services	5,000		5,000	1,700	3,300
Other Support Services - Students-Regular:					
Other Purchase Professional and Technical Services					
Total Other Support Services - Students - Regular					
Other Support Services-Students-Child Study Teams:					
Salaries of Secretarial and Clerical Assistants	3,402	160	3,562	3,553	9
Purchased Professional/Educational Services	8,000	1,248	9,248	6,535	2,713
Other Objects	1,000	(1,000)			
Total Other Support Serv-Child Study Teams	12,402	408	12,810	10,088	2,722
Improvement of Instruction Services:					
Other Purchased Professional and Technical Services	25,152		25,152	25,152	
Total Improvement of Instruction Services	25,152		25,152	25,152	
Educational Media Services/School Library:					
Purchase Professional and Technical Services	575		575		575
Other Purchased Services	1,000		1,000	794	206
Supplies and Materials	2,000	(1,248)	752		752
Total Educational Media Services/School Library	\$ 3,575	\$ (1,248)	\$ 2,327	\$ 794	\$ 1,533

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 5,000	\$ 250	\$ 5,250	\$ 1,766	\$ 3,484
Supplies and Materials	1,300	(600)	700		700
Total Instructional Staff Training Services	6,300	(350)	5,950	1,766	4,184
Support Services - General Administration:					
Salaries	87,939	6,890	94,829	94,828	
Legal Fees	1,000	(415)	585	583	2
Audit Fees	10,500	(300)	10,200	10,200	
Communications/Telephone	3,000	(425)	2,575	2,572	3
BOE Other Purchased Services	750	(750)			
Other Purchased Services	4,500	4,840	9,340	9,334	6
General Supplies	1,000	(14)	986	985	1
BOE Membership Dues and Fees	1,700	(18)	1,682	1,680	2
Total Support Services - General Administration	110,389	9,808	120,197	120,182	15
Support Services - School Administration:					
Salaries of Secretarial/Clerical Assistants	20,410	1,485	21,895	21,894	1
Other Purchased Services	500	100	600	576	24
Supplies and Materials	2,350	(260)	2,090	2,074	16
Total Support Services - School Administration	23,260	1,325	24,585	24,544	41
Central Services:					
Purchased Professional Services	28,400	(1,100)	27,300	27,300	
Purchased Technical Services	500	(170)	330	260	70
Supplies and Materials	600	107	707	707	
Total Central Services	\$ 29,500	\$ (1,163)	\$ 28,337	\$ 28,267	\$ 70

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 30,300	\$ (2,847)	\$ 27,453	\$ 18,698	\$ 8,755
Total Required Maintenance for School Facilities	30,300	(2,847)	27,453	18,698	8,755
Other Operation and Maintenance of Plant Services:					
Salaries	51,864	2,500	54,364	54,206	158
Purchased Professional/Technical Services	10,800	7,840	18,640	16,073	2,567
Cleaning, Repair and Maintenance Services	15,126	3,000	18,126	15,529	2,597
Other Purchased Property Services	7,000	500	7,500	6,404	1,096
Insurance	12,000	730	12,730	12,730	
Miscellaneous Purchased Services	1,000	(100)	900	787	113
General Supplies	4,500	(30)	4,470	4,468	2
Energy (Electricity)	44,000	1,480	45,480	44,050	1,430
Total Other Operation and Maint. of Plant Services	146,290	15,920	162,210	154,247	7,963
Total Operation and Maintenance of Plant Services	176,590	13,073	189,663	172,945	16,718
Student Transportation Services:					
Sal. For Pupil Trans (Bet Home & School) - Reg	43,807	9,700	53,507	53,434	73
Sal. Pupil Transportation (Bet Home & School) Spec. Ed.	21,444	(5,210)	16,234	16,233	1
Sal. Pupil Transportation (Other than Bet Home & School)		8,660	8,660	8,655	5
Management Fee - ESC & CTSA Trans. Program	1,800	(500)	1,300	1,257	43
Other Purchased Professional/Technical Services	3,900		3,900	3,900	
Cleaning, Repair and Maintenance Services	9,000	2,800	11,800	11,789	11
Contracted Services - Aid in Lieu of Payments	20,108	(7,870)	12,238	11,983	255
Contracted Services (Oth. Than Bet Home and Sch) - Vendors		825	825	825	
Miscellaneous Purchased Services - Transportation	8,800	2,230	11,030	11,029	1
Supplies and Materials	20,000	5,465	25,465	25,461	4
Total Student Transportation Services	128,859	16,100	144,959	144,566	393
Unallocated Benefits:					
Social Security Contributions	15,067	12,700	27,767	24,631	3,136
Other Retirement Contributions - Regular	12,600	747	13,347	13,333	14
Workmen's Compensation	17,216	(2,000)	15,216	14,926	290
Health Benefits	272,811	(25,454)	247,357	224,490	22,867
Tuition Reimbursement	2,000	(2,000)			
Other Employee Benefits	3,000	(1,000)	2,000	1,980	20
Total Unallocated Benefits	322,694	(17,007)	305,687	279,360	26,327
On-Behalf TPAF Post Retirem. Medical Contrib.(Non-budgeted)				48,234	(48,234)
On-Behalf TPAF Non-Contributory Ins. (Non-budgeted)				2,271	(2,271)
Reimbursed TPAF Soc. Sec. Contrib. (Non-budgeted)	\$	\$	\$	\$ 48,680	\$ (48,680)

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Total Undistributed Expenditures	\$ 1,044,927	\$ 30,868	\$ 1,075,795	\$ 1,103,682	\$ (27,887)
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>1,696,071</u>	<u>21,155</u>	<u>1,717,226</u>	<u>1,731,151</u>	<u>(13,925)</u>
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve					
Undistributed Expenditures:					
Equipment					
School Buses - Regular	85,000	(8,500)	76,500	74,695	1,805
Total Undistributed Expenditures	<u>85,000</u>	<u>(8,500)</u>	<u>76,500</u>	<u>74,695</u>	<u>1,805</u>
Facilities Acquisition and Construction Services:					
Increase in Capital Reserve					
Total Facilities Acquisition and Construction Services					
TOTAL CAPITAL OUTLAY	<u>85,000</u>	<u>(8,500)</u>	<u>76,500</u>	<u>74,695</u>	<u>1,805</u>
TOTAL EXPENDITURES	<u>1,781,071</u>	<u>12,655</u>	<u>1,793,726</u>	<u>1,805,846</u>	<u>(12,120)</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	<u>(71,598)</u>	<u>(12,655)</u>	<u>(84,253)</u>	<u>7,042</u>	<u>91,295</u>
Other Financing Sources (Uses):					
Transfer to Food Service	<u>(13,402)</u>	<u>1,300</u>	<u>(12,102)</u>	<u>(5,053)</u>	<u>7,049</u>
Total Other Financing Sources	<u>(13,402)</u>	<u>1,300</u>	<u>(12,102)</u>	<u>(5,053)</u>	<u>7,049</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(85,000)</u>	<u>(11,355)</u>	<u>(96,355)</u>	<u>1,989</u>	<u>98,344</u>
Fund Balances, July 1	<u>229,292</u>		<u>229,292</u>	<u>229,292</u>	
Fund Balances, June 30	<u>\$ 144,292</u>	<u>\$ (11,355)</u>	<u>\$ 132,937</u>	<u>\$ 231,281</u>	<u>\$ 98,344</u>
RECAPITULATION :					
Restricted Fund Balance:					
Capital Reserve				\$ 861	
Committed Fund Balance:					
Year - End Encumbrances				6,614	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				104,609	
Unassigned Fund Balance				<u>119,197</u>	
				231,281	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis					<u>(64,681)</u>
Fund Balance per Governmental Funds (GAAP)				<u>\$ 166,600</u>	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Federal Sources	\$ 66,314	\$	\$ 66,314	\$ 70,526	\$ (4,212)
State Sources	54,675		54,675	30,784	23,891
Other					
Total Revenues	<u>120,989</u>		<u>120,989</u>	<u>101,310</u>	<u>19,679</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	17,896		17,896	14,931	2,965
Purchased Professional and Technical Services	12,559		12,559	10,430	2,129
Purchased Professional Educational Services	3,571		3,571	3,571	
General Supplies	32,105		32,105	22,602	9,503
Textbooks	8,235		8,235	4,173	4,062
Other Purchased Services	13,040		13,040	13,040	-
Total Instruction	<u>87,406</u>		<u>87,406</u>	<u>68,747</u>	<u>18,659</u>
Support Services					
Employee Benefits	3,123		3,123	2,103	1,020
Purchased Professional and Technical Services					
Purchased Professional Educational Services	30,460		30,460	30,460	
Supplies and Materials					
Other Purchased Services					
Total Support Services	<u>33,583</u>		<u>33,583</u>	<u>32,563</u>	<u>1,020</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Constr. Serv.					
Total Expenditures	<u>120,989</u>		<u>120,989</u>	<u>101,310</u>	<u>19,679</u>
Other Financing Sources (Uses)					
Total Outflows	<u>120,989</u>		<u>120,989</u>	<u>101,310</u>	<u>19,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 1,812,888	[C-2] \$ 101,310
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	72,372	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(64,681)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>1,820,579</u>	[B-2] \$ <u>101,310</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,805,846	[C-2] \$ 101,310
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>1,805,846</u>	[B-2] \$ <u>101,310</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	NCLB			Sub-Total Per E-1(2)	Sub-Total Per E-1(3)	Totals	
	Title I	Title II A	Title II D			2011	2010
REVENUES:							
Federal Sources	\$ 17,034	\$ 3,671	\$ 64	\$ 49,757	\$	\$ 70,526	\$ 68,187
State Sources				795	29,989	30,784	37,554
Total Revenues	17,034	3,671	64	50,552	29,989	101,310	105,741
EXPENDITURES:							
Instruction:							
Salaries of Teachers	14,931					14,931	13,345
Purchased Professional and Technical Services					10,430	10,430	12,985
Purchased Professional Educational Services		3,571				3,571	
General Supplies				19,297	3,305	22,602	11,746
Textbooks				-	4,173	4,173	9,045
Other Purchased Serv.		100	64	795	12,081	13,040	20,444
Total Instruction	14,931	3,671	64	20,092	29,989	68,747	67,565
Support Services:							
Employee Benefits	2,103					2,103	2,187
Purchased Educational Services				30,460		30,460	34,853
Supplies and Materials							545
Other Purchased Services							591
Total Support Services	2,103			30,460		32,563	38,176
Facilities Acquisition/Construction:							
Instructional Equipment							
Total Facilities Acquisition/Construction							
Total Expenditures	\$ 17,034	\$ 3,671	\$ 64	\$ 50,552	\$ 29,989	\$ 101,310	\$ 105,741

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>IDEA</u> Basic Flow- Through	<u>IDEA</u> Preschool Program	Character Education	<u>REAP</u>		Totals 2011
				2010	2011	
REVENUES:						
Federal Sources	\$ 31,240	\$ 709		\$ 6,127	\$ 11,681	\$ 49,757
State Sources			795			795
Total Revenues	31,240	709	795	6,127	11,681	50,552
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Purchased Professional Educational Services						
General Supplies	1,489			6,127	11,681	19,297
Textbooks						
Other Purchased Serv.			795			795
Total Instruction	1,489		795	6,127	11,681	20,092
Support Services:						
Employee Benefits						
Purchased Educational Services	29,751	709				30,460
Supplies and Materials						
Other Purchased Services						
Total Support Services	29,751	709				30,460
Facilities Acquisition/Construction:						
Instructional Equipment						
Total Facilities Acquisition/Construction						
Total Expenditures	\$ 31,240	\$ 709	\$ 795	\$ 6,127	\$ 11,681	\$ 50,552

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	N.J. Nonpublic Nursing	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Auxiliary Services		N.J. Nonpublic Handicapped Services			Totals 2011
			Compensatory Education	Transportation	Supplem. Instruction	Corrective Speech	Services Exam and Classification	
REVENUES:								
Federal Sources	\$	\$	\$	\$	\$	\$	\$	\$
State Sources	9,227	7,478	5,024	2,056	1,320	3,129	1,755	29,989
Total Revenues	9,227	7,478	5,024	2,056	1,320	3,129	1,755	29,989
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional and Technical Services			5,024		1,320	2,331	1,755	10,430
Purchased Professional Educational Services								
General Supplies		3,305						3,305
Textbooks		4,173						4,173
Other Purchased Services	9,227			2,056		798		12,081
Total Instruction	9,227	7,478	5,024	2,056	1,320	3,129	1,755	29,989
Support Services:								
Employee Benefits								
Purchased Educational Services								
Supplies and Materials								
Other Purchased Services								
Total Support Services								
Facilities Acquisition/Construction:								
Instructional Equipment								
Total Facilities Acquisition/Construction								
Total Expenditures	\$ 9,227	\$ 7,478	\$ 5,024	\$ 2,056	\$ 1,320	\$ 3,129	\$ 1,755	\$ 29,989

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

EXHIBIT F-2

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2011**

**Revenues and Other Financing
Sources**

State Sources - EFCFA Grant	\$	
Transfer from Capital Outlay		
Transfer from Capital Reserve		
		<hr/>
Total revenues		<hr/>

**Expenditures and Other Financing
Uses**

Purchased Professional and Technical Services		
Construction Services		
		<hr/>
Total Expenditures		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures		
Fund Balance - Beginning		63,771
		<hr/>
Fund Balance - Ending	\$	63,771
		<hr/> <hr/>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	\$ 94,364	\$	\$ 94,364	\$ 149,998
Transfer from Capital Outlay	130,939		130,939	130,939
Transfer from Capital Reserve	40,999		40,999	40,999
Total revenues	266,302		266,302	321,936
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	8,015		8,015	10,000
Construction Services	194,516		194,516	311,936
Total Expenditures	202,531		202,531	321,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 63,771	\$	\$ 63,771	\$ -

Additional Project Information:

Project Number	5070-050-09-1001
Grant Date/Letter of Notification	April 26, 2009
Original Authorized Cost	\$ 321,936
Project Cancellation	
Revised Authorized Cost	321,936
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	10/15/2009
Revised Target Completion Date	10/15/2009

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010**

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2011</u>	<u>2010</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 24,571	\$ 11,116	\$ 35,687	\$ 23,612
Accounts Receivable:				
State	47		47	263
Federal	1,363		1,363	3,669
Interfund Receivable	6,644		6,644	12,248
Other Program Fees		1,725	1,725	2,114
Inventories	2,457		2,457	2,780
Total Current Assets	35,082	12,841	47,923	44,686
Fixed Assets:				
Equipment	51,779		51,779	51,779
Accumulated Depreciation	(41,224)		(41,224)	(39,988)
Total Fixed Assets	10,555		10,555	11,791
Total Assets	45,637	12,841	58,478	56,477
LIABILITIES:				
Current Liabilities:				
Accounts Payable	2,954		2,954	17,041
Interfund Accounts Payable - General Fund				2,597
Deferred Revenue	1,375		1,375	1,641
Total Current Liabilities	4,329		4,329	21,279
Total Liabilities	4,329		4,329	21,279
NET ASSETS:				
Investment in Fixed Assets	10,555		10,555	11,791
Unrestricted	30,753	12,841	43,594	23,407
Total Net Assets	\$ 41,308	\$ 12,841	\$ 54,149	\$ 35,198

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2011</u>	<u>2010</u>
OPERATING REVENUES:				
Local Sources:				
Food Sales Reimbursable Programs	\$ 22,996	\$	\$ 22,996	\$ 26,365
Food Sales Non-Reimbursable Programs	28,504		28,504	24,067
After School Childcare Fees		15,367	15,367	17,236
Total Operating Revenue	<u>51,500</u>	<u>15,367</u>	<u>66,867</u>	<u>67,668</u>
OPERATING EXPENSES:				
Salaries	28,688	12,612	41,300	42,447
Supplies and Materials	20,364	566	20,930	4,964
Cost of Sales	14,947		14,947	30,467
Management Fee	12,500		12,500	12,500
Miscellaneous	2,102	1,500	3,602	17,733
Depreciation	1,236		1,236	1,236
Total Operating Expenses	<u>79,837</u>	<u>14,678</u>	<u>94,515</u>	<u>109,347</u>
Operating Income/(Loss)	<u>(28,337)</u>	<u>689</u>	<u>(27,648)</u>	<u>(41,679)</u>
NON-OPERATING REVENUES:				
State Sources:				
State School Lunch Program				921
School Breakfast Program	645		645	478
State - Other	120		120	
Federal Sources:				
National School Lunch Program	15,324		15,324	14,100
School Breakfast Program	6,241		6,241	5,347
Food Distribution Program	7,631		7,631	8,341
Prior Year Order Adjustment	8,795	2,613	11,408	
Interest	177		177	
Total Non-Operating Revenues	<u>38,933</u>	<u>2,613</u>	<u>41,546</u>	<u>29,187</u>
Change in Net Assets Before Operating Transfers				
In/(out)	10,596	3,302	13,898	(12,492)
Operating Transfer In - General Fund	5,053		5,053	23,255
Net (Loss) Income	15,649	3,302	18,951	10,763
Net Assets - July 1	25,659	9,539	35,198	24,435
Net Assets - June 30	<u>\$ 41,308</u>	<u>\$ 12,841</u>	<u>\$ 54,149</u>	<u>\$ 35,198</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2011

	Food Service Fund	After School Childcare	Total	
			2011	2010
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (28,337)	\$ 689	\$ (27,648)	\$ (41,679)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	1,236		1,236	1,236
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	2,522	389	2,911	(30)
Decrease/(Increase) in Interfund Receivable	5,604		5,604	(12,248)
Decrease/(Increase) in Inventory	323		323	(167)
Increase/(Decrease) in Accounts Payable	(14,071)	(16)	(14,087)	(1,014)
Increase/(Decrease) in Interfund Accounts Payable		(2,597)	(2,597)	
Increase/(Decrease) in Deferred Revenue	(266)		(266)	549
Net Cash Used by Operating Activities	(32,989)	(1,535)	(34,524)	(53,353)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund	5,053		5,053	23,255
Cash Received from State and Federal Reimbursements	29,961		29,961	29,187
Prior Year Order Adjustment	8,795	2,613	11,408	
Net Cash Provided by Noncapital Financing Activities	43,809	2,613	46,422	52,442
Net Cash Used by Capital Financing Activities				
Purchase of Fixed Assets				(6,150)
Net Cash Used by Capital Financing Activities				(6,150)
Cash Flows from Investing Activities				
Interest and Dividends	177		177	
Net Cash Provided from Investing Activities	177		177	
Net Increase (Decrease) in Cash	10,997	1,078	12,075	(911)
Cash and Cash Equivalents, July 1	13,574	10,038	23,612	30,673
Cash and Cash Equivalents, June 30	\$ 24,571	\$ 11,116	\$ 35,687	\$ 29,762

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>		<u>2011</u>	<u>2010</u>
ASSETS:						
Cash and Cash Equivalents	\$ 34,095	\$ 16,282	\$ 18,141	\$	68,518	\$ 57,368
Due from Unemployment Account			6	\$	6	6
Total Assets	\$ 34,095	\$ 16,282	\$ 18,147	\$	68,524	\$ 57,374
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Due to Student Groups	\$	\$ 16,082	\$	\$	16,082	\$ 10,021
Accounts Payable		200			200	
Due to Payroll Account	6				6	6
Payroll Deductions and Withholdings			15,873		15,873	1,528
Interfunds Accounts Payable General Fund			2,274		2,274	11,758
Total Liabilities	6	\$ 16,282	\$ 18,147	\$	34,435	23,313
NET ASSETS:						
Held in Trust for Unemployment Claims and Other Purposes	\$ 34,089			\$	34,089	\$ 34,061

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ _____
Total Contributions	
Investments and Earnings:	
Interest	28
Total Additions	28
DEDUCTIONS:	
Unemployment Claims	_____
Total Deductions	_____
Change in Net Assets	28
Net Assets -- July 1	34,061
Net Assets -- June 30	\$ <u>34,089</u>

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1,</u> <u>2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2011</u>
ELEMENTARY SCHOOL	\$ 10,021	\$ 38,734	\$ 32,473	\$ 200	\$ 16,082
Principal's Fund				\$	5,641
National Jr. Honor Society					621
Swimming Program Fund					2,934
Music Fund					892
Class of 2015					466
Class of 2014					1,103
Class of 2013					606
Class of 2012					233
Class of 2011					1,177
Sport					(89)
Yearbook					1,345
Safety Patrol					1,153
Total				\$	<u>16,082</u>

STOW 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	\$ 13,280	\$ 1,317,007	\$ 1,312,146	\$ 18,141
Due from Unemployment Account	6			6
	<u>\$ 13,286</u>	<u>\$ 1,317,007</u>	<u>\$ 1,312,146</u>	<u>\$ 18,147</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,528	\$ 1,317,007	\$ 1,302,662	\$ 15,873
Agency Accounts Payable				
Interfund Payable				
Due General Fund	11,758		9,484	2,274
Total Liabilities	<u>\$ 13,286</u>	<u>\$ 1,317,007</u>	<u>\$ 1,312,146</u>	<u>\$ 18,147</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

STATISTICAL SECTION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 16,848	\$ 56,500	\$ 80,830	\$ 85,166	\$ 144,484	\$ 150,824	\$ 302,540	\$ 336,802
Restricted	255,643	115,345	158,538	121,810	80,709	191,860	60,638	169,241
Unrestricted	46,440	46,513	48,293	125,110	209,719	113,740	130,399	29,293
Total Governmental Activities Net Assets	\$ 318,931	\$ 218,358	\$ 287,661	\$ 332,086	\$ 434,912	\$ 456,424	\$ 493,577	\$ 535,336
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 4,787	\$ 3,820	\$ 3,007	\$ 2,194	\$ 1,380	\$ 6,877	\$ 11,791	\$ 10,555
Unrestricted	17,630	21,389	18,944	24,267	14,358	17,558	23,407	43,594
Total Business-Type Activities Net Assets	\$ 22,417	\$ 25,209	\$ 21,951	\$ 26,461	\$ 15,738	\$ 24,435	\$ 35,198	\$ 54,149
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 21,635	\$ 60,320	\$ 83,837	\$ 87,360	\$ 145,864	\$ 157,701	\$ 314,331	\$ 347,357
Restricted	255,643	115,345	158,538	121,810	80,709	191,860	60,638	169,241
Unrestricted	64,070	67,902	67,237	149,377	224,077	131,298	153,806	72,887
Total District-Wide Net Assets	\$ 341,348	\$ 243,567	\$ 309,612	\$ 358,547	\$ 450,650	\$ 480,859	\$ 528,775	\$ 589,485

Source: CAFR Schedule A-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 607,954	\$ 597,167	\$ 500,279	\$ 614,645	\$ 693,576	\$ 700,303	\$ 685,746	\$ 544,178
Special Education	41,086	58,283	102,397	106,534	93,821	98,432	46,173	45,708
Other					40,410	52,256	33,314	106,330
Support Services								
Tuition	76,931	121,266	140,324	141,014	50,199	52,635	155,839	119,491
Student and Instruction Related Services	119,677	140,743	169,051	136,256	126,371	123,791	155,446	145,602
General Administrative Services	152,124	114,061	120,558	115,867	119,487	119,369	103,971	120,182
School Administrative Services	25,227	13,616	16,726	15,889	26,261	24,091	22,458	24,544
Central Services		35,426	34,911	35,681	37,382	35,603	32,838	28,267
Plant Operations and Maintenance	131,691	144,333	143,272	139,736	146,439	196,026	173,289	172,945
Pupil Transportation	119,477	132,315	86,196	110,248	114,194	106,019	112,227	144,566
Other Support Services	378,576	361,569	420,668	481,753	499,114	401,786	439,145	377,227
Unallocated depreciation	3,997	7,446	10,402	10,019	17,723	32,939	38,567	46,037
Total Governmental Activities Expenses	1,656,740	1,726,225	1,744,784	1,907,642	1,964,977	1,943,250	1,999,013	1,875,077
Business-Type Activities								
Food Service	66,225	75,529	76,047	80,596	74,689	94,910	92,516	79,837
Child Care	12,943	13,148	14,150	12,083	13,574	13,798	16,831	14,678
Total Business-Type Activities Expense	79,168	88,677	90,197	92,679	88,263	108,708	109,347	94,515
Total District Expenses	\$ 1,735,908	\$ 1,814,902	\$ 1,834,981	\$ 2,000,321	\$ 2,053,240	\$ 2,051,958	\$ 2,108,360	\$ 1,969,592
Program Revenues								
Governmental Activities								
Operating Grants and Contributions	\$ 260,038	\$ 243,194	\$ 247,801	\$ 327,316	\$ 377,118	\$ 240,618	\$ 214,446	\$ 200,495
Total Governmental Activities Program Revenues	260,038	243,194	247,801	327,316	377,118	240,618	214,446	200,495
Business-Type Activities								
Charges for Services								
Food Service	23,660	29,391	43,335	44,613	30,145	45,470	50,432	51,500
Child Care	17,207	18,592	11,254	15,110	13,732	10,213	17,236	15,367
Operating Grants and Contributions	20,622	25,110	24,502	21,885	22,663	28,655	29,187	29,961
Total Business-Type Activities Program Revenues	61,489	73,093	79,091	81,608	66,540	84,338	96,855	96,828
Total District Program Revenues	\$ 321,527	\$ 316,287	\$ 326,892	\$ 408,924	\$ 443,658	\$ 324,956	\$ 311,301	\$ 297,323
Net (Expense)/Revenue								
Governmental Activities	\$ (1,396,702)	\$ (1,483,031)	\$ (1,496,983)	\$ (1,580,326)	\$ (1,587,859)	\$ (1,702,632)	\$ (1,784,567)	\$ (1,674,582)
Business-Type Activities	(17,679)	(15,584)	(11,106)	(11,071)	(21,723)	(24,370)	(12,492)	2,313
Total District-Wide Net Expense	\$ (1,414,381)	\$ (1,498,615)	\$ (1,508,089)	\$ (1,591,397)	\$ (1,609,582)	\$ (1,727,002)	\$ (1,797,059)	\$ (1,672,269)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Property Taxes Levied for General Purposes, Net	\$ 510,000	\$ 573,750	\$ 681,791	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526
Unrestricted Grants and Contributions	784,936	791,238	810,355	815,246	849,369	848,581	973,255	798,174
Restricted Grants, Tuition and Contributions	21,912	20,319	4,095					
Tuition Received			29,332	15,200	12,440	11,440	4,465	7,545
Transportation Fees Received			17,307	1,890	4,500	882	6,408	31,500
Investment Earnings			1,571	15,811	9,206	1,258		
Miscellaneous Income	7,271	14,965	11,838	4,669	27,499	19,460	2,155	3,649
Donated Capital Assets			16,998	14,355				
Prior Year Adjustment	(151,563)				(4,808)	33,621		
Transfers	(18,553)	(17,814)	(7,000)	(15,000)	(11,000)	(26,590)	(23,255)	(5,053)
Total Governmental Activities	1,154,003	1,382,458	1,566,287	1,624,750	1,690,685	1,724,144	1,821,720	1,716,341
Business-Type Activities								
Investment and Miscellaneous Earnings	144	563	848	581		6,477		11,585
Transfers	18,553	17,814	7,000	15,000	11,000	26,590	23,255	5,053
Total Business-Type Activities	18,697	18,377	7,848	15,581	11,000	33,067	23,255	16,638
Total District-Wide	\$ 1,172,700	\$ 1,400,835	\$ 1,574,135	\$ 1,640,331	\$ 1,701,685	\$ 1,757,211	\$ 1,844,975	\$ 1,732,979
Change in Net Assets								
Governmental Activities	\$ (242,699)	\$ (100,573)	\$ 69,304	\$ 44,424	\$ 102,826	\$ 21,512	\$ 37,153	\$ 41,759
Business-Type Activities	1,018	2,793	(3,258)	4,510	(10,723)	8,697	10,763	18,951
Total District-Wide	\$ (241,681)	\$ (97,780)	\$ 66,046	\$ 48,934	\$ 92,103	\$ 30,209	\$ 47,916	\$ 60,710

Source: CAFR Schedule A-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	<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	\$ 233,936	\$ 109,862	\$ 153,055	\$ 117,207	\$ 99,018	\$ 99,904	\$ 12,216	\$ 112,084
Unreserved	63,940	60,513	62,293	135,610	225,518	229,480	144,704	54,516
Total General Fund	<u>\$ 297,876</u>	<u>\$ 170,375</u>	<u>\$ 215,348</u>	<u>\$ 252,817</u>	<u>\$ 324,536</u>	<u>\$ 329,384</u>	<u>\$ 156,920</u>	<u>\$ 166,600</u>
All Other Governmental Funds								
Reserved	\$ 21,912	\$ 5,688	\$ 5,688	\$ 4,808	\$	\$	\$ 63,771	\$ 63,771
Unreserved, Reported in:								
Special Revenue Fund	(205)	(205)	(205)	(205)	(980)			
Total All Other Governmental Funds	<u>\$ 21,707</u>	<u>\$ 5,483</u>	<u>\$ 5,483</u>	<u>\$ 4,603</u>	<u>\$ (980)</u>	<u>\$ -</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>

Source: CAFR Schedule B-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax Levy	\$ 468,392	\$ 468,392	\$ 510,000	\$ 573,750	\$ 681,791	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526
Tuition Charges					29,332	15,200	12,440	11,440	4,465	7,545
Transportation Charges							4,500	882	6,408	31,500
Interest Earnings					17,307	1,890	9,206	1,258		
Miscellaneous	18,306	13,417	7,271	14,965	13,409	20,480	27,499	19,460	2,155	3,649
Local Sources						1,520	963	729		
State Sources	761,177	896,132	1,018,291	1,007,725	1,011,083	1,068,380	1,142,875	1,011,171	1,018,738	928,143
Federal Sources	32,884	53,421	48,594	47,025	51,169	72,662	82,649	77,299	168,963	70,526
Total Revenues	1,280,759	1,431,362	1,584,156	1,643,465	1,804,091	1,952,711	2,083,611	1,957,731	2,059,421	1,921,889
Expenditures										
Instruction										
Regular Instruction	560,002	598,221	635,582	600,667	500,279	614,665	693,576	700,303	685,746	544,178
Special Education Instruction	62,764	100,890	41,085	58,283	102,397	106,534	93,821	98,432	46,173	45,708
Other Instruction							40,410	52,256	33,314	106,330
Support Services										
Tuition	85,620	47,561	76,931	121,265	140,324	141,014	50,199	52,635	155,839	119,491
Student and Instruction Related Services	52,162	70,060	84,549	140,743	169,051	136,256	126,371	123,791	155,446	145,602
General Administration	100,425	107,914	117,124	114,061	120,558	115,867	119,487	119,369	103,971	120,182
School Administrative Services	23,154	24,977	25,227	13,616	16,726	15,889	26,261	24,091	22,458	24,544
Central Services			35,000	35,426	34,911	35,681	37,382	35,603	32,838	28,267
Plant Operations and Maintenance	143,036	145,975	131,691	144,333	143,272	139,735	146,439	196,026	173,289	172,945
Pupil Transportation	76,215	68,219	111,977	132,315	86,196	110,248	114,194	106,019	112,227	144,566
Employee Benefits	172,987	296,992	378,576	361,569	420,668	485,253	476,486	411,130	421,027	380,648
Other	22,107	23,212								
Capital Outlay	23,544	38,285		47,098	17,735		77,041	5,658	202,531	74,695
Total Expenditures	1,322,016	1,522,306	1,637,742	1,769,376	1,752,117	1,901,142	2,001,667	1,925,313	2,144,859	1,907,156
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(41,257)	(90,944)	(53,586)	(125,911)	51,974	51,569	81,944	32,418	(85,438)	14,733
Other Financing Sources (Uses)										
Transfers Out				(18,553)	(17,814)	(7,000)	(11,000)	(26,590)	(23,255)	(5,053)
Prior Year Adjustment							(4,808)			
Total Other Financing Sources (Uses)				(18,553)	(17,814)	(7,000)	(15,808)	(26,590)	(23,255)	(5,053)
Net Change in Fund Balances	\$ (41,257)	\$ (90,944)	\$ (53,586)	\$ (144,464)	\$ 34,160	\$ 44,569	\$ 66,136	\$ 5,828	\$ (108,693)	\$ 9,680
Debt Service as a Percentage of										
Noncapital Expenditures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: CAFR Schedule B-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transport-</u> <u>ation</u>	<u>Prior</u> <u>Year</u> <u>Revenue</u>	<u>Transfer</u> <u>from After</u> <u>School</u> <u>Care</u>	<u>Prior</u> <u>Year</u> <u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 945	\$ 7,545	\$ 31,500	\$	\$	\$	\$ 2,704	\$ 42,694
2010		4,465	6,408			4,151	(1,996)	13,028
2009	1,258	11,440	882	1,600		17,244	616	33,040
2008	9,206	12,440	4,500	2,700		19,138	5,661	53,645
2007	15,811			1,860			2,809	20,480
2006	8,893			2,026			2,490	13,409
2005	5,164			8,509			1,292	14,965
2004	4,469						2,802	7,271
2003	8,253						5,165	13,418
2002	15,412			314			2,580	18,306

Source: District Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2011	\$ 1,230,300	\$ 47,044,200	\$ 26,049,000	\$ 3,471,300	\$ 3,137,300		\$	\$ 80,932,100	\$ 332,500	\$ 81,264,600	\$ 1.826	\$ 119,487,463 *
2010	755,100	46,201,700	26,181,100	3,512,000	3,174,300			79,824,200	395,286	80,219,486	1.836	116,943,556
2009	784,000	46,218,400	25,864,600	3,490,100	3,177,900			79,535,000	453,399	79,988,399	1.687	113,537,433
2008	1,271,800	45,836,900	25,543,500	3,443,100	3,212,900			79,308,200	537,015	79,845,215	1.570	87,920,303
2007	819,800	45,232,800	25,375,700	3,501,600	3,212,900			78,142,800		78,142,800	1.023	95,076,364
2006	763,500	44,458,100	24,880,500	3,509,700	2,617,300			76,229,100		76,229,100	1.008	86,625,829
2005	823,000	43,662,000	25,042,400	3,476,200	2,708,600			75,712,200		75,712,200	0.894	80,587,911
2004	731,700	43,169,500	23,700,100	3,531,400	2,708,600			73,841,300		73,841,300	0.771	69,146,616
2003	765,500	42,562,900	23,607,300	3,625,000	2,738,600			73,299,300		73,299,300	0.690	71,588,086
2002	761,400	42,349,500	22,772,900	3,663,600	2,738,600			72,286,000		72,286,000	0.640	64,319,974

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)**

Year Ended June 30,	Stow Creek Township Board of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	STOW CREEK Township	Cumberland County	REAP CREDIT	Total
2011	\$ 1.826	\$ 0.000	\$ 1.826	\$ 0.211	\$ 1.411	\$	\$ 3.448
2010	1.836	0.000	1.836	0.208	1.451		3.495
2009	1.687	0.000	1.687	0.200	1.274		3.161
2008	1.023	0.000	1.570	0.178	1.050	0.710	3.508
2007	1.008	0.000	1.023	0.144	1.195	0.710	3.072
2006	0.894	0.000	1.008	0.144	1.174	0.751	3.077
2005	0.771	0.000	0.894	0.090	1.100	0.737	2.821
2004	0.690	0.000	0.771	0.091	0.913	0.587	2.362
2003	0.640	0.000	0.690	0.042	0.939	0.580	2.251
2002	0.650	0.000	0.640		0.840	0.550	2.030

Source: District Records and Municipal Tax Collector

Note:

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

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2010</u>		<u>2001</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer #1	\$ 668,400	0.85%	\$	
Taxpayer #2	526,100	0.67%		
Taxpayer #3	486,800	0.62%		
Taxpayer #4	477,000	0.61%		
Taxpayer #5	469,300	0.60%		
NJ Bell Telephone	455,459	0.58%		
Taxpayer #6	422,000	0.54%		
Taxpayer #7	381,600	0.49%	Not Available	
Taxpayer #8	377,800	0.48%		
Taxpayer #9	360,100	0.46%		
Total	\$ 4,624,559	5.90%	\$ -	-

Source: District CAFR & Municipal Tax Assessor

* 2011 Not Available at Time of Audit

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2011	\$ 880,526	\$ 840,520	95%	\$ 40,006
2010	858,692	858,692	100%	
2009	835,492	835,492	100%	
2008	803,479	803,479	100%	
2007	772,579	772,579	100%	
2006	681,791	681,791	100%	
2005	573,750	573,750	100%	
2004	510,000	510,000	100%	
2003	468,392	468,392	100%	
2002	468,392	468,392	100%	

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

N/A

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita ^a			
2011	\$	\$	\$	\$	\$		\$	
2010								
2009								
2008								
2007								
2006								
2005								
2004								
2003								
2002								

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

N/A

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
2011	\$	\$	\$	\$	\$
2010					
2009					
2008					
2007					
2006					
2005					
2004					
2003					
2002					

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Stow Creek	\$		\$
Other debt			
County of Cumberland - Township's share	63,759,034	1.320%	841,624
Cumberland Regional School Debt	12,132,000	6.738%	817,449
Subtotal, Overlapping Debt			<u>1,659,073</u>
STOW CREEK Township School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 1,659,073</u>

Sources: Stow Creek Township Finance Officer and Salem County Finance Office

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

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis	
	2010	\$ 116,599,766
	2009	125,449,527
	2008	125,131,272
	[A]	\$ 367,180,565
Average Equalized Valuation of Taxable Property	[A/3]	\$ 122,393,522
Debt Limit (3% of Average Equalization Value)	[B]	3,671,806 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,671,806

FISCAL YEAR

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 1,849,122	\$ 1,922,902	\$ 1,987,935	\$ 2,143,676	\$ 2,301,098	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,849,122	\$ 1,922,902	\$ 1,987,935	\$ 2,143,676	\$ 2,301,098	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	-	-	-	-	-

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>Unemployment Rate ⁽⁴⁾</u>
2011 *	1,538	\$ 50,497,631	\$ 33,326	N/A
2010 *	1,535	48,931,195	32,833	8.30%
2009	1,534	48,650,810	31,877	7.80%
2008	1,526	46,398,030	31,715	4.40%
2007	1,529	44,870,034	30,405	3.60%
2006	1,527	42,539,166	29,346	4.00%
2005	1,518	41,360,946	27,858	2.60%
2004	1,511	40,269,661	27,247	3.70%
2003	1,486	38,994,126	26,651	4.90%
2002	1,462	36,832,166	26,241	4.70%

* Estimate

Source:

- 1 Population information provided by the NJ Dept of Labor and Workforce Development
- 2 Personal income
- 3 Per Capita
- 4 Unemployment data provided by the NJ Dept of Labor and Workforce Development

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2011</u>			<u>2002</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Farm Rite	20	1	N/A	N/A	N/A
Les Fogg Tractors	16	2	N/A	N/A	N/A
Mayhews Greenhouses	* 12	3	N/A	N/A	N/A
Wide Skye Farms	* 12	4	N/A	N/A	N/A
Maelvin R. Dickonson Farms	* 10	5	N/A	N/A	N/A
Cruzans Freightliner	* 10	6	N/A	N/A	N/A
	N/A	7	N/A	N/A	N/A
	N/A	8	N/A	N/A	N/A
	N/A	9	N/A	N/A	N/A
	N/A	10	N/A	N/A	N/A
	-		N/A	N/A	N/A

* Number of employees will vary seasonally.

**2002 Not Available at Time of Audit

Source: Direct Observation of School District Individual Employers

N/A Information not available

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<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	11.0	11.0	10.0	8.0	10.0	10.0	10.5	10.0	10.0	9.7
Special education	1.0	1.0	1.0	3.0	2.0	2.0	2.0	2.0	1.0	1.0
Other special Education										
Vocational										
Other Instruction	2.2	2.7	2.7	1.4	1.4	2.6	2.6	2.6	1.0	1.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student & Instruction Related Services	0.6	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.0	1.0
General Administrative Services										
School Administrative Services	3.0	2.5	2.5	2.5	2.5	2.1	2.1	2.1	2.1	2.1
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil Transportation	0.8	0.8	0.8	1.3	1.3	1.5	1.5	1.5	2.0	2.5
Other Support Services										
Contracted Service - Speech						1.0	0.3	0.3	0.3	0.3
Special Schools										
Food Service - Contracted										
Totals	20.1	20.5	19.5	18.7	19.7	22.0	21.8	21.3	18.9	19.1

Source: District Personnel Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2002	147	\$ 1,460,810	\$ 9,937	12.11%			146.7	140.2	2.23%	95.57%
2003	142	1,637,742	11,533	16.06%			141.4	135.2	-3.61%	95.62%
2004	140	1,722,278	12,302	6.66%	14.0	10.0 to 1	139.8	133.7	-1.13%	95.64%
2005	136	1,734,383	12,753	3.66%	13.0	10.2 to 1	136.0	130.2	-2.72%	95.74%
2006	143	1,901,123	13,295	4.25%	14.0	10.3 to 1	141.8	135.0	4.26%	95.20%
2004	141	1,901,123	13,483	1.42%	13.5	10.6 to 1	142.6	135.5	0.56%	95.02%
2008	138	1,924,626	13,947	3.44%	14.1	9.8 to 1	137.3	95.7	-3.72%	69.70%
2009	137	1,919,655	14,012	0.47%	14.6	9.4 to 1	136.6	131.0	-0.51%	95.90%
2010	134	1,942,328	14,495	3.45%	12.0	11.2 to 1	134.0	127.0	-1.90%	94.78%
2011	133	1,832,461	13,778	-4.95%	11.7	11.4 to 1	133.0	126.0	-0.75%	94.74%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<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>
<u>District Building</u>										
<u>Elementary</u>										
Stow Creek Township School (19..)										
Square Feet	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461
Capacity (Students)	191	191	191	191	191	191	191	191	191	191
Enrollment	147	142	140	136	143	141	138	137	134	133

Number of Schools at June 30, 2011
Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Project #</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Stow Creek Township School		\$ 18,698	\$ 16,094	\$ 17,419	\$ 17,419	\$ 24,745	\$ 35,289	\$ 29,050	\$ 51,496	\$ 92,594	\$ 99,133
Total School Facilities		<u>18,698</u>	<u>16,094</u>	<u>17,419</u>	<u>17,419</u>	<u>24,745</u>	<u>35,289</u>	<u>29,050</u>	<u>51,496</u>	<u>92,594</u>	<u>99,133</u>
Other Facilities											
Grand Total		<u>\$ 18,698</u>	<u>\$ 16,094</u>	<u>\$ 17,419</u>	<u>\$ 17,419</u>	<u>\$ 24,745</u>	<u>\$ 35,289</u>	<u>\$ 29,050</u>	<u>\$ 51,496</u>	<u>\$ 92,594</u>	<u>\$ 99,133</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group			
School Package Policy			
	Building	\$ 4,648,300	\$ 1,000
	Personal Property	297,200	1,000
	Extra Expense	50,000,000	1,000
	Valuable Papers & Records	10,000,000	1,000
	Flood	10,000,000	500,000
	Earthquake	50,000,000	
	Demolition and Increased Cost of Construction	1,000,000	
	Electronic Data Processing	150,000	1,000
	Boiler & Machinery	100,000,000	5,000
	Commercial General Liability:		
	Aggregate	16,000,000	1,000
	Commercial Automobile Liability	16,000,000	1,000
	Professional Umbrella Liability	5,000,000	
	Professional Liability	1,000,000	5,000
	Public Employee Dishonesty -		
	Per Loss & Faithful Performance	25,000	500
	Money and Securities	5,000	500
	Loss of Income	10,000	
Workers Compensation			
	Each Accident	2,000,000	
	Disease per Employee	2,000,000	
	Disease Policy Limit	2,000,000	
Markel Insurance Company			
Student Accident Coverage			
	Accidental Death Principal Sum	10,000	
	Medical Expense	1,000,000	
	Accidental Dismemberment	50,000	
	Accident Medical Expense Benefit	1,000,000	
American International Company - AIG			
Student Accident Coverage			
	Catastrophic Cash Benefit	1,000,000	
C.N.A Surety			
Surety Bonds			
	Treasurer of School Monies	125,000	
	Board Secretary/Business Administrator	2,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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October 19, 2011

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
Stow Creek Township School District
County of Cumberland, 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 Stow Creek Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Stow Creek Township Board of Education'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

In planning and performing our audit, we considered the Stow Creek Township Board of Education'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 Stow Creek Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 Stow Creek Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** and audit requirements as prescribed by the Division of Finance, Department of Education and Regulatory Compliance, State of New Jersey. However, we noted two other immaterial matters that were reported to the Board of Education of the Stow Creek Township School District in a separate report entitled, Auditor's Management Report on Administrative Findings-Financial Compliance and Performance dated October 19, 2011.

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

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October 19, 2011

INDEPENDENT AUDITOR'S 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 NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

Compliance

We have audited the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the ***New Jersey State Aid/Grant Compliance Supplement*** that are applicable to each of its major state programs for the fiscal year ended June 30, 2011. The Stow Creek Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Stow Creek Township Board of Education's management. Our responsibility is to express an opinion on the Stow Creek Township Board of Education'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; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Stow Creek Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Stow Creek Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Stow Creek Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Stow Creek Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB 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 Stow Creek Township School District's Board of Education's internal control over compliance.

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

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

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grant 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	Adjust - ments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
				From	To	Accounts Receivable	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010	NCLB 5070-06	22,643	9/1/05	8/31/06			1,359					(1,359)			
Title I, Part A	84.010	NCLB 5070-09	13,908	9/1/08	8/31/09	(10,232)				10,232						
Title I, Part A	84.010	NCLB 5070-10	12,860	9/1/09	8/31/10	(8,879)				8,879						
Title I, Part A	84.010	NCLB 5070-11	17,046	9/1/10	8/31/11					8,372	(17,034)			(8,662)		
ARRA Title I, Part A	84.389	ARRA 5070-10	3,708	9/1/09	8/31/10	(3,252)				3,252						
Title II, Part A	84.367A	NCLB 5070-04	5,650	9/1/03	8/31/04			3191					(3,191)			
Title II, Part A	84.367A	NCLB 5070-06	5,552	9/1/05	8/31/06			192					(192)			
Title II, Part A	84.367A	NCLB 5070-07	5,356	9/1/06	8/31/07			3258					(3,258)			
Title II, Part A	84.367A	NCLB 5070-10	5,818	9/1/09	8/31/10	(1,650)				716				(934)		
Title II, Part A	84.367A	NCLB 5070-11	5,462	9/1/10	8/31/11					2,412	(3,671)			(1,259)		
Title II, Part D Technology	84.318X	NCLB 5070-07	85	9/1/06	8/31/07			33					(33)			
Title II, Part D Technology	84.318X	NCLB 5070-08	111	9/1/07	8/31/08			54					(54)			
Title II, Part D Technology	84.318X	NCLB 5070-09	116	9/1/08	8/31/09	(57)				57						
Title II, Part D Technology	84.318X	NCLB 5070-11	61	9/1/10	8/31/11					9	(64)					
Title IV - Safe and Drug Free	84.186	NCLB 5070-08	856	9/1/07	8/31/08			547					(547)			
Title V	84.298	NCLB 5070-07	336	9/1/06	8/31/07			104					(104)			
Title V	84.298	NCLB 5070-08	330	9/1/07	8/31/08			171					(171)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA507007	43,610	9/1/06	8/31/07			11390					(11,390)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA507008	48,140	9/1/07	8/31/08			1003					(1,003)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA507009	59,700	9/1/08	8/31/09		10,616		(6,871)						3,745	
I.D.E.A. Part B, Basic Regular	84.027	IDEA507010	61,292	9/1/09	8/31/10	(32,514)			6,871	25,643						
I.D.E.A. Part B, Basic Regular	84.027	IDEA507011	61,234	9/1/10	8/31/11					31,267	(31,240)				27	
I.D.E.A. Part B, Pre-School	84.173	IDEA507008	2,671	9/1/07	8/31/08			1,526					(1,526)			
I.D.E.A. Part B, Pre-School	84.173	IDEA507011	709	9/1/10	8/31/11					709	(709)					
Teacher Mentoring	84.336	NA	180	9/1/04	6/30/05										180	
Teacher Mentoring	84.336	NA	325	9/1/06	6/30/07			325							325	
Rural Education	84.358B	S358A093997	21,244	9/1/09	8/31/10	(1,835)					(6,127)			(7,962)		
Rural Education	84.358B	S358A103997	21,291	9/1/10	8/31/11					4,919	(11,681)			(6,762)		
Total Special Revenue Fund						(58,419)	11,121	22,828		96,467	(70,526)		(22,828)	(25,634)	4,277	
Capital Projects Fund :																
NJEFCA Grant		5070-50-19-100	149,998			(94,364)								(94,364)		
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	NA	8,890	7-1-2009	6-30-2010			1,641			(1,641)					
Food Distribution Program	10.550	NA	7,365	7-1-2010	6-30-2011					7,365	(5,990)				1,375	
National School Breakfast Progr	10.553	NA	5,347	7-1-2009	6-30-2010	(1,047)				1,047						
National School Breakfast Progr	10.553	NA	6,241	7-1-2010	6-30-2011					5,849	(6,241)			(392)		
National School Lunch Program	10.555	NA	14,100	7-1-2009	6-30-2010	(2,622)				2,622						
National School Lunch Program	10.555	NA	15,324	7-1-2010	6-30-2011					14,353	(15,324)			(971)		
Total Enterprise Fund						(3,669)	1,641			31,236	(29,196)			(1,363)	1,375	
Total Federal Financial Assistance						\$ (156,452)	\$ 12,762	\$ 22,828	\$	\$ 127,703	\$ (99,722)	\$	\$ (22,828)	\$ (121,361)	\$ 5,652	

See accompanying notes to schedules of financial assistance

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repaymt of Prior Year Balances	Balances at June 30, 2011			MEMO		
			From	To							(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Equalization Aid	11-495-034-5120-078	\$589,305	7/1/10	6/30/11				\$541,161	(\$589,305)					*	\$48,144	\$589,305
Transportation Aid	11-495-034-5120-014	50,423	7/1/10	6/30/11				46,303	(50,423)					*	4,120	50,423
Special Education Categorical Aid	11-495-034-5120-089	66,206	7/1/10	6/30/11				60,797	(66,206)					*	5,409	66,206
Security Aid	11-495-034-5120-084	15,939	7/1/10	6/30/11				14,637	(15,939)					*	1,302	15,939
Adjustment Aid	11-495-034-5120-085	66,174	7/1/10	6/30/11				60,768	(66,174)					*	5,406	66,174
Additional Non Public School Trans Costs	11-495-034-5120-014	2,436	7/1/10	6/30/11										*		2,436
Additional Non Public School Trans Costs	10-495-034-5120-014	1,832	7/1/09	6/30/10	(\$1,832)			1,832				(\$2,436)				
On Behalf TPAF Non-Contributory Ins	11-495-034-5095-007	2,271	7/1/10	6/30/11				2,271	(2,271)					*		2,271
On Behalf TPAF Post Retirement Med'l Con	11-495-034-5095-001	48,234	7/1/10	6/30/11				48,234	(48,234)					*		48,234
Reimbursed TPAF Social Security Contr	11-495-034-5095-002	48,680	7/1/10	6/30/11				48,680	(48,680)					*		48,680
Total General Fund					(1,832)			824,683	(889,668)			(2,436)			64,381	889,668
Special Revenue Fund:																
N.J. Nonpublic Aid:																
N.J. Nonpublic Textbook Aid	10-100-034-5120-064	9,505	7/1/09	6/30/10		\$460				(\$460)						
N.J. Nonpublic Textbook Aid	11-100-034-5120-064		7/1/10	6/30/11				\$7,478	(7,478)					*		7,478
Nursing Aid	11-100-034-5120-070		7/1/10	6/30/11				9,227	(9,227)					*		9,227
Chapter 192: Auxiliary Services																
Compensatory Education	10-100-034-5120-067	12,476	7/1/09	6/30/10		6,719				(6,719)						
Compensatory Education	11-100-034-5120-067	12,559	7/1/10	6/30/11				12,559	(5,024)					*		5,024
Transportation	11-100-034-5120-068	2,056	7/1/10	6/30/11				2,056	(2,056)					*		2,056
Chapter 193: Handicapped Services																
Corrective Speech	10-100-034-5120-066	8,967	7/1/09	6/30/10		5,379				(5,379)						
Corrective Speech	11-100-034-5120-066	4,694	7/1/10	6/30/11				4,694	(3,129)					*	1,565	3,129
Examination and Classification	10-100-034-5120-066	3,657	7/1/09	6/30/10		734				(734)						
Examination and Classification	11-100-034-5120-066	2,395	7/1/10	6/30/11				2,395	(1,755)					*	640	1,755
Supplemental Instruction	11-100-034-5120-066	2,085	7/1/10	6/30/11				2,085	(1,320)					*	765	1,320
Character Education	07-495-034-5120-053	16,000	7/1/06	6/30/07	8,566							\$7,771		*		795
Total Special Revenue Fund					8,566	13,292		40,494	(30,784)	(13,292)		7,771	10,505			30,784
Capital Projects Fund:																
EFCFA Grant	5070-050-09-1001	321,936	4/26/09	Closing	(94,364)			85,367				(8,997)				202,531
State Department of Agriculture																
Enterprise Fund:																
State School Breakfast Program	10-100-010-3350-021	478	7/1/09	6/30/10	(92)			92								
State School Lunch Program	11-100-010-3350-023	645	7/1/10	6/30/11				598	(645)			(47)		*		645
State School Lunch Program	10-100-010-3350-023	921	7/1/09	6/30/10	(171)			171								
Total Enterprise Fund					(263)			861	(645)			(47)				645
Total State Financial Assistance					(\$87,893)	\$13,292		\$951,405	(\$921,097)	(\$13,292)		(\$11,480)	\$7,771	\$10,505	\$64,381	\$1,123,628

See accompanying notes to schedules of financial assistance

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES 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 award activity of the Board of Education, Stow 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,691 for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2011
(Continued)

	Federal	State	Total
General Fund	\$	\$ 897,359	\$ 897,359
Special Revenue Fund	70,526	30,784	101,310
Food Service Fund	29,196	765	29,961
Total Financial Assistance	\$ <u>99,722</u>	\$ <u>928,908</u>	\$ <u>1,028,630</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: FEDERAL AND STATE LOANS OUTSTANDING

The Stow Creek School District had no federal or state loan balances outstanding at June 30, 2011.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

NOTE 7: MAJOR PROGRAM

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**STOW 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 X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

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

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	-------------------------------------------

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid
11-495-034-5120-089	Special Education Categorical Aid
11-495-034-5120-084	Security Aid
11-495-034-5120-085	Adjustment Aid

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011 (continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE FINANCIAL ASSISTANCE

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

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

STATUS OF PRIOR - YEAR FINDINGS

NONE