

**SCHOOL DISTRICT OF
LACEY TOWNSHIP**

LACEY BOARD OF EDUCATION
Lanoka Harbor, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

LACEY TOWNSHIP BOARD OF EDUCATION

LANOKA HARBOR, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

**Lacey Township Board of Education
Finance Department**



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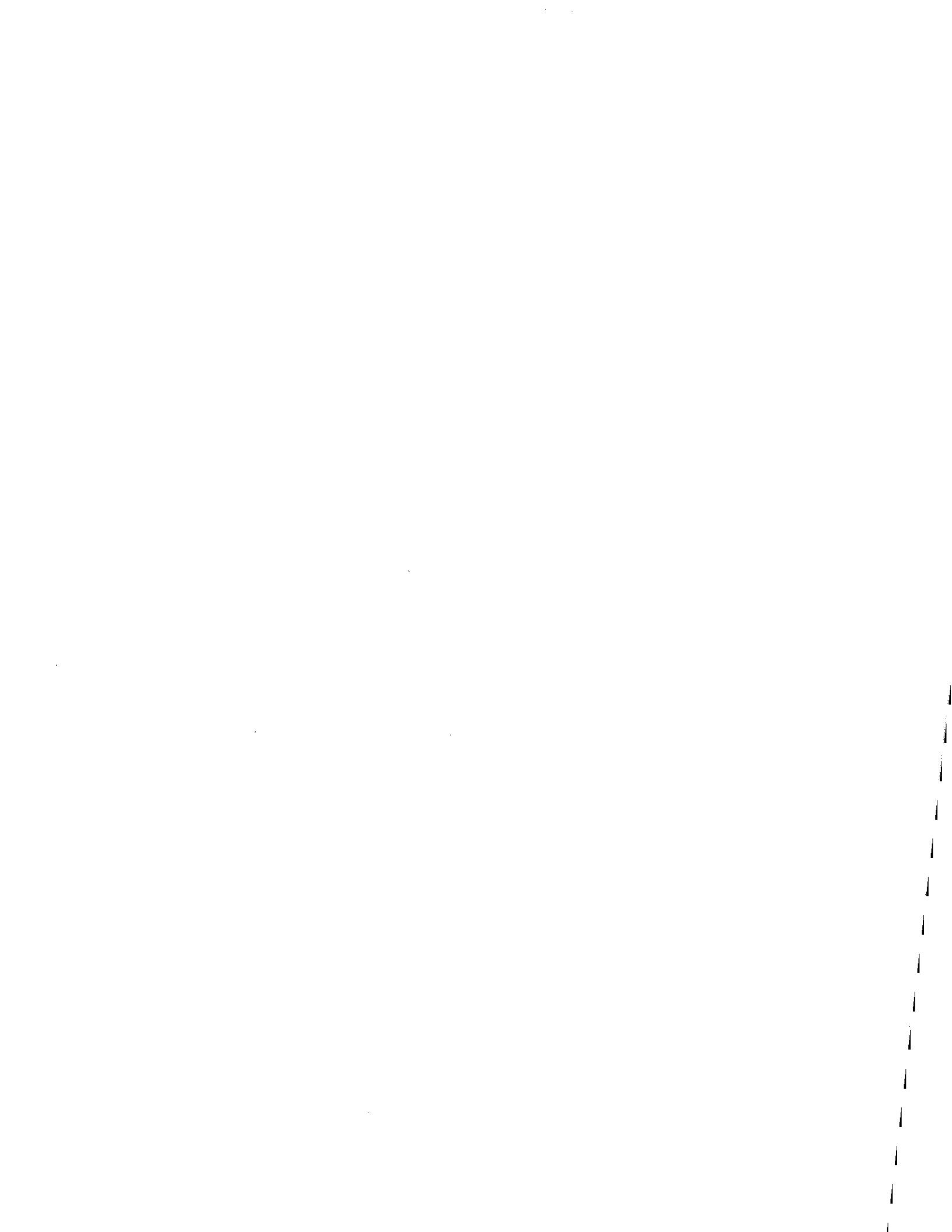
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INTRODUCTORY SECTION

LACEY TOWNSHIP BOARD OF EDUCATION
200 WESTERN BLVD
LANOKA HARBOR NJ 08734-1538
(609) 971-2000, Opt. 0 FAX # (609) 693-9638

BRUCE CARNEY
President

JAMES G. SAVAGE, JR.
Business Administrator / Board Secretary

JACK MARTENAK
Vice President

October 25, 2010

Honorable President and Members of the Board of Education
Lacey Township School District
Lanoka Harbor, New Jersey 08734

Dear Board Members:

The Comprehensive Annual Financial Report of the Lacey Township School District for the fiscal year ended June 30, 2010, 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 Lacey Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's Organizational Chart and a list of principal officials. The Financial Section includes the 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, as amended by the Single Audit Act of 1996, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments" and State Treasury Circular Letter 04-04. 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 recommendation, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Lacey Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB 23. All funds and account groups of the District are included in this report. The Lacey Township Board of Education and all its schools constitute the District's reporting.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an average daily enrollment of 4,719 students, which is 23 students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

2005-2006	4,904.0	-1.55%
2006-2007	5,016.0	2.23%
2007-2008	4,890.3	-2.51%
2008-2009	4,742.0	-2.15%
2009-2010	4,719.0	-0.49%

2. ECONOMIC CONDITION AND OUTLOOK: A substantial portion of Lacey Township is still available for development but Pinelands Legislation passed in 1979 has limited residential construction west of the Garden State Parkway. Growth, however, as measured by new residential construction, has leveled off in the last few years. The Oyster Creek Nuclear Power Generating Plant, located in the community, has contributed funds to relieve taxes. Although many residents moved to Lacey to take advantage of a favorable tax scenario, the potential of the Oyster Creek Facility to contribute to tax relief has diminished in recent years. Lacey, however, continues to be a desirable place to live due to its still relatively low tax rate, its proximity to the water, and its accessibility to major roadways such as the Garden State Parkway, Route 9, and Route 70, making it convenient for commuters.

3. MAJOR INITIATIVES: The State Department of Education conducted the Quality Single Accountability Continuum (QSAC) of the Lacey Township School District pursuant to the requirements of N.J.A.C. 6A:30. Upon completion of the QSAC process, the district was certified on April 27, 2009, pursuant to N.J.A.C. 6A:30-4.1 (c), to continue operation as a public school district for a period of three years or until the district's next QSAC review.

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

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

As part of the District's Single Audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State awards, 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30.

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: 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. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.

8. DEBT ADMINISTRATION: At June 30, 2010, the District's outstanding debt issues included \$50,491,000 of general obligation bonds. In June 1989, the District issued \$8,492,000 in bonds to complete various renovations. In November 1996 the District issued \$16,790,000 in bonds to construct a new 7/8 grade school, the proceeds of which we placed in the District's Capital Projects Fund. In April 2001 the District issued general obligation bonds in the amount of \$24,722,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide funds for renovations, replacement and additions to the Lacey Township High School, and elementary schools. In February 2005, the Board of Education had a partial refinancing of the 1996 Series Bonds. The Board issued \$10,095,000 of general obligation refunding bonds Series 2005 to retire \$11,290,000 of the Series 1996 Bonds. The refunding resulted in a net economic gain to the District of \$1,195,000, which will be recognized over the life of the reissue. In February 2006, the Board of Education had a partial refinancing of the 2001 Series Bonds. The Board issued \$24,625,000 of general obligation refunding bonds Series 2006 to retire \$23,370,000 of the Series 2001 Bonds. The refunding resulted in a net income gain to the district of \$976,896, which will be recognized over the life of the reissue. In May 2009, the District issued \$19,806,000 in Series 2009 Bonds for solar panels on all schools, window replacement at Forked River and Lanoka Harbor Elementary Schools, roof replacement at Lanoka Harbor Elementary School and boiler replacements at Forked River Elementary. The proceeds of this bond were placed in the District's Capital Projects Fund.

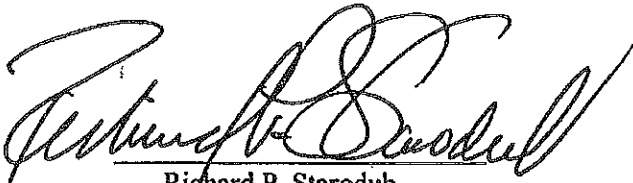
9. CASH MANAGEMENT: The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the 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.

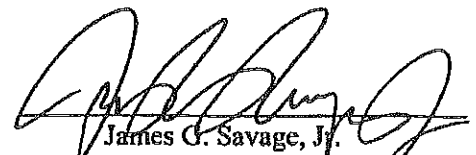
11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act of 1996, and the related OMB Circular A-133 and State Treasury Circular Letter 04-04. 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 Lacey Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

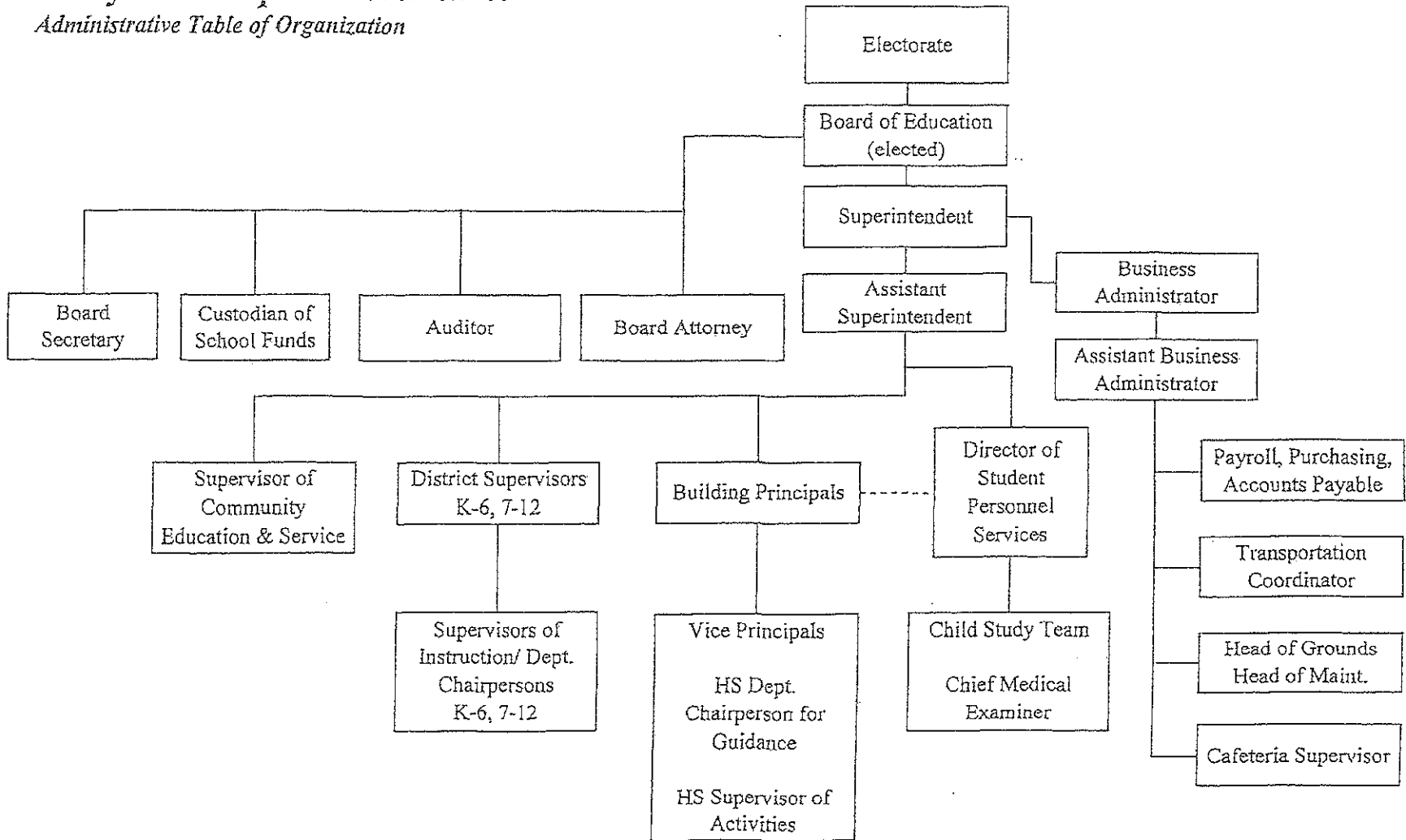


Richard P. Starodub
Superintendent



James G. Savage, Jr.
Business Administrator/Board Secretary

Lacey Township School District
Administrative Table of Organization



LACEY TOWNSHIP BOARD OF EDUCATION
200 Western Boulevard
Lanoka Harbor, New Jersey 08734-0605

ROSTER OF OFFICIALS
JUNE 30, 2010

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Bruce Carney, President	2011
Jack Martenak, Vice President	2011
Linda Downing	2013
Frank Palino	2013
William R. Quist	2013
Eric J. Schubiger	2012
Maureen Tirella	2012

OTHER OFFICIALS

Richard P. Starodub, Superintendent

James G Savage, Jr., Business Administrator/Board Secretary

Sharon Sulecki, Treasurer of School Moneys

LACEY TOWNSHIP BOARD OF EDUCATION
200 Western Boulevard
Lanoka Harbor, New Jersey 08734-0605

CONSULTANTS AND ADVISORS

ARCHITECT

DiCara/Rubino Architects
30 Galesi Drive, West Wing
Wayne, New Jersey 07470

AUDIT FIRM

Holman & Frenia, P. C.
10 Allen Street, Suite 2B
Toms River, New Jersey 08753

ATTORNEY

Stein & Supsie
1041 W. Lacey Road
P.O. Box 131
Forked River, New Jersey 08731

OFFICIAL DEPOSITORY

Ocean First Bank
975 Hooper Avenue
Toms River, New Jersey 08754-2009

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lacey Township School District
County of Ocean
Lanoka Harbor, New Jersey 08734-0605

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lacey Township School District, County of Ocean, State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lacey Township School District, County of Ocean, State of New Jersey, as of June 30, 2010, 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, 2010, on our consideration of the Lacey Township 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 our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information and budgetary comparison information, as listed in the table of contents, is not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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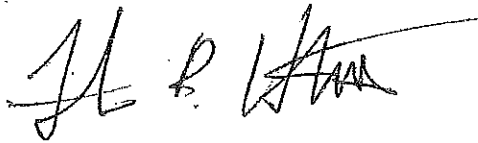
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lacey Township Board of Education's financial statements. The accompanying introductory section, and other supplementary information 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 financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the 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 financial statements and, accordingly, we express no opinion on them.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read "F. B. Holman, III", with a long horizontal line extending to the right from the end of the signature.

Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

Toms River, New Jersey
October 19, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

LACEY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2010

UNAUDITED

The following discussion and analysis of the Board of Education of the Lacey Township School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2010. Please read it in conjunction with the letter of transmittal, beginning on page 1, and the financial statements, which begin on page 14.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic Financial Statements. The District's basic Financial Statements comprise three components: (1.) District-wide Financial Statements, (2.) Fund Financial Statements, and (3.) Notes to the Financial Statements. This report contains required supplementary information and other supplementary information in addition to the basic Financial Statements themselves.

District-wide Financial Statements. The District-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The Statement of Net Assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental Funds - are used to account for essentially the same functions reported as governmental activities in the District-wide Financial Statements. However, unlike the District-wide Financial Statements, Governmental Fund Financial Statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar statements. By so doing, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual government funds: the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds - The District maintains two proprietary fund types, an Enterprise Fund and Internal Service Funds. The Enterprise Fund is used 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 of providing the goods or services be financed through user charges. Included in the Enterprise Fund are the Food Services and Community Education. The District does not have an Internal Service Fund. The basic Proprietary Fund statements can be found as Exhibits B-4 through B-6.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the District-wide Financial Statements because the resources of those funds are not available to support the District's own programs. The District uses trust and Agency Funds to account for resources held for student activities and groups and for payroll transactions. The basic Fiduciary Fund Statements can be found as Exhibit B-7.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the District-wide and Fund Financial Statements. The notes to the Financial Statements can be found after the Fund Statements in this report.

District-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets at June 30:

	2010		
	Governmental Activities	Business-Type Activities	Total
Current & Other Assets	\$10,792,961	182,906	10,975,867
Capital Assets, net	<u>55,729,043</u>	1,939	<u>55,730,982</u>
Total Assets	<u>66,522,004</u>	<u>184,845</u>	<u>66,706,849</u>
Long-Term Liabilities Outstanding	51,372,505		51,372,505
Other Liabilities	<u>4,265,535</u>	40,016	<u>4,305,551</u>
Total Liabilities	<u>55,638,040</u>	<u>40,016</u>	<u>55,678,056</u>

2010			
	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Investment in Capital Assets, net	4,972,940		4,972,940
Restricted	8,595,375		8,595,375
Unrestricted	<u>(2,684,351)</u>	144,829	<u>(2,539,522)</u>
Total Net Assets	<u>\$10,883,964</u>	<u>144,829</u>	<u>11,028,793</u>

2009			
	Governmental Activities	Business-Type Activities	Total
Current & Other Assets			
Capital Assets, net	\$ 22,404,854	127,986	22,532,840
	<u>46,941,199</u>	2,756	<u>46,943,955</u>
Total Assets	<u>69,346,053</u>	<u>130,742</u>	<u>69,476,795</u>
Long-Term Liabilities Outstanding			
Other Liabilities	55,780,932		55,780,932
	<u>2,490,728</u>		<u>2,490,728</u>
Total Liabilities	<u>58,271,660</u>		<u>58,271,660</u>
Net Assets:			
Investment in Capital Assets, net	(6,037,951)		(6,037,951)
Restricted	2,783,349		2,783,349
Unrestricted	<u>14,328,995</u>	130,742	<u>14,459,737</u>
Total Net Assets	<u>\$11,074,393</u>	<u>130,742</u>	<u>11,205,135</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised solely of the June 30, 2009 encumbrances, which 'roll-over' into the subsequent year's budget (2009-2010) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to realign the 2009-2010 budget.

Capital Assets

At June 30, 2010 the District had capital assets of \$55,730,982, an increase of \$8,787,027 due primarily to 2009-2010 Construction in Progress (Solar panels). This capital asset amount is comprised of: Buildings - \$82,371,463, machinery and equipment - \$9,280,377, construction in progress - \$11,133,375, site improvements - \$163,472. These capital assets are shown net of accumulated depreciation of \$47,219,643.

Contacting the District's Financial Management

The District's Financial Report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to Mr. James G. Savage, Jr., Business Administrator/Board Secretary, Lacey Township School District, 200 Western Boulevard, Lanoka Harbor, New Jersey 08734.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

**LACEY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010**

(With Comparative Totals for June 30, 2009)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
ASSETS				
Cash & Cash Equivalents	\$9,059,556	118,828	9,178,384	17,520,091
Receivables - State	243,629	2,328	245,957	299,186
Receivables - Federal	148,234	34,839	183,073	171,532
Receivables - Other Governments				10,268
Other Receivable		4,425	4,425	2,969,992
Inventory		22,486	22,486	26,273
Unamortized Loss on Early Retirement of Debt	1,106,113		1,106,113	1,267,319
Unamortized Bond Issue Costs	235,429		235,429	268,179
Capital Assets, Net (Note 5)	55,729,043	1,939	55,730,982	46,943,955
Total Assets	66,522,004	184,845	66,706,849	69,476,795
LIABILITIES				
Accounts Payable	24,466	40,016	64,482	311,782
Accrued Interest	1,095,973		1,095,973	563,986
Other Payable	(2,864)		(2,864)	(89,568)
Unamortized Bond Premium	248,574		248,574	320,041
Deferred Revenue	128,933		128,933	156,273
Noncurrent Liabilities (Note 6):				
Due Within One Year	2,770,453		2,770,453	1,228,214
Due Beyond One Year	51,372,505		51,372,505	55,780,932
Total Liabilities	55,638,040	40,016	55,678,056	58,271,660
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,972,940		4,972,940	(6,037,951)
Restricted For:				
Capital Projects	8,595,375		8,595,375	18,645,445
Other Purposes	2,062,461		2,062,461	2,783,349
Unrestricted	(4,746,812)	144,829	(4,601,983)	(4,185,708)
Total Net Assets	\$10,883,964	144,829	11,028,793	11,205,135

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

LACEY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)		
						JUNE 30, 2010	JUNE 30, 2009	
Governmental Activities:								
Instruction:								
Regular	\$23,301,900		1,570,712	(21,731,188)		(21,731,188)	(21,023,807)	
Special Education	5,799,390			(5,799,390)		(5,799,390)	(5,442,477)	
Other Special Instruction	1,455,353			(1,455,353)		(1,455,353)	(1,408,180)	
Support Services & Undistributed Costs:								
Instruction	1,545,010			(1,545,010)		(1,545,010)	(1,285,374)	
Attendance & Social Work Services	225,678			(225,678)		(225,678)	(207,893)	
Health Services	599,143			(599,143)		(599,143)	(573,725)	
Other Support Services	4,480,466		283,949	(4,196,517)		(4,196,517)	(3,862,607)	
Educational Media Services/School Library	651,038			(651,038)		(651,038)	(632,666)	
Instructional Staff Training	54,235			(54,235)		(54,235)	(60,883)	
General Administrative Services	1,255,437			(1,255,437)		(1,255,437)	(1,235,349)	
School Administrative Services	1,438,819			(1,438,819)		(1,438,819)	(1,424,257)	
Central Services	515,023			(515,023)		(515,023)	(504,963)	
Allowed Maintenance for School Facilities	1,566,900			(1,566,900)		(1,566,900)	(318,700)	
Other Operation & Maintenance of Plant	3,324,220			(3,324,220)		(3,324,220)	(5,312,073)	
Care & Upkeep of Grounds	417,522			(417,522)		(417,522)		
Security	226,954			(226,954)		(226,954)		
Pupil Transportation	2,448,582			(2,448,582)		(2,448,582)	(2,491,549)	
Unallocated Employee Benefits	12,376,717			(12,376,717)		(12,376,717)	(11,396,320)	
On Behalf - Non-Budgeted Expenditures	3,845,322		3,845,322					
Unallocated Amortization of Bond Costs	193,956			(193,956)		(193,956)	(193,956)	
Unallocated Depreciation	1,924,170			(1,924,170)		(1,924,170)	(2,312,230)	
Unallocated Loss on Capital Assets	(198,049)			198,049		198,049	(160,079)	
Unallocated Compensated Absence Expense	(643,141)			643,141		643,141	(180,159)	
Interest Expense	1,872,412			(1,872,412)		(1,872,412)	(1,641,437)	

LACEY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2010	JUNE 30, 2009
Total Governmental Activities	68,677,057		5,699,983	(62,977,074)		(62,977,074)	(61,668,684)
Business-Type Activities:							
Food Service	1,503,050	989,830	542,707		29,487	29,487	29,487
Community Education	304,361	287,856	1,105		(15,400)	(15,400)	(15,400)
Total Business-Type Activities	1,807,411	1,277,686	543,812		14,087	14,087	14,087
Total Primary Government	\$70,484,468	1,277,686	6,243,795	(62,977,074)	14,087	(62,962,987)	(61,654,597)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				37,029,824		37,029,824	35,639,904
Taxes Levied for Debt Service				2,788,058		2,788,058	2,800,396
Local Aid				119,105		119,105	73,684
Federal & State Aid Not Restricted				22,524,172		22,524,172	22,048,281
Tuition Received				22,585		22,585	17,484
Miscellaneous Income				72,980		72,980	89,773
Interest Earnings - Capital Projects				158,454		158,454	112,589
Amortized Premium Realization				71,467		71,467	71,467
Total General Revenues, Special Items, Extraordinary Items & Transfers				62,786,645		62,786,645	60,853,578
Change In Net Assets				(190,429)	14,087	(176,342)	(801,019)
Net Assets - Beginning				11,074,393	130,742	11,205,135	12,122,942
Net Assets - Ending				\$10,883,964	144,829	11,028,793	11,321,923

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

B. Fund Financial Statements

Governmental Funds

**LACEY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
				JUNE 30, 2010	JUNE 30, 2009
Assets:					
Cash & Cash Equivalents	\$482,627	(18,446)	8,595,375	9,059,556	17,418,378
Tax Levy Receivable					2,969,992
Interfund Receivable	2,864	860		3,724	89,568
Intergovernmental Accounts Receivable:					
State	243,629			243,629	299,186
Federal		148,234		148,234	171,532
Other					10,268
Total Assets	\$729,120	130,648	8,595,375	9,455,143	20,958,924
Liabilities & Fund Balances:					
Liabilities:					
Accounts Payable	\$22,751	1,715		24,466	311,782
Interfund Payable	860			860	
Deferred Revenue		128,933		128,933	156,273
Total Liabilities	23,611	130,648		154,259	468,055
Fund Balances:					
Reserved for:					
Encumbrances	983,462		402,359	1,385,821	728,256
Unreserved:					
Excess Surplus					1,078,999
Excess Surplus - Designated for Subsequent Year's Expenditures	1,078,999			1,078,999	970,199
Designated for Subsequent Year's Expenditures					260,386
Unreserved, Reported in:					
General Fund	(1,356,952)			(1,356,952)	(937,925)
Capital Projects Fund			8,193,016	8,193,016	18,390,954
Total Fund Balances	705,509		8,595,375	9,300,884	20,490,869
Total Liabilities & Fund Balances	\$729,120	130,648	8,595,375		

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 \$102,948,686 and the accumulated depreciation is \$47,219,643.

55,729,043 46,941,199
(1,095,973) (563,986)

Accrued interest not recorded in current financial statements.

Loss on the early extinguishments of debt, costs of issuance, and premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities, net of net of accumulated amortization.

1,092,968 1,215,457

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 (Note 6).

(54,142,958) (57,009,146)

Net assets of Governmental Activities

\$10,883,964 11,074,393

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

**LACEY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2010	JUNE 30, 2009
Revenues:						
Local Tax Levy	\$37,029,824			2,788,058	39,817,882	38,440,300
Tuition Charges	22,585				22,585	17,484
Interest on Investments	158,454				158,454	112,589
Miscellaneous	72,980				72,980	89,773
Total Local Sources	37,283,843			2,788,058	40,071,901	38,660,146
Local Sources		119,105			119,105	73,684
State Sources	22,160,750			797,367	22,958,117	26,098,631
Federal Sources	3,409,424	1,856,614			5,266,038	1,722,054
Total Revenues	62,854,017	1,975,719		3,585,425	68,415,161	66,554,515
Expenditures:						
Current:						
Regular Instruction	21,731,188	1,570,712			23,301,900	22,775,378
Special Education Instruction	5,799,390				5,799,390	5,442,477
Other Special Instruction	1,455,353				1,455,353	1,408,180
Support Services & Undistributed Costs:						
Instruction	1,545,010				1,545,010	1,285,374
Attendance & Social Work Services	225,678				225,678	207,893
Health Services	599,143				599,143	573,725
Other Support Services	4,196,517	283,949			4,480,466	4,185,419
Educational Media Services/ School Library	651,038				651,038	632,666
Instructional Staff Training	54,235				54,235	60,883
General Administrative Services	1,255,437				1,255,437	1,235,349
School Administrative Services	1,438,819				1,438,819	1,424,257
Central Services	515,023				515,023	504,963
Allowed Maintenance for School Facilities	1,566,900				1,566,900	318,700
Other Operation & Maintenance of Plant	3,324,220				3,324,220	5,312,073
Care & Upkeep of Grounds	417,522				417,522	
Security	226,954				226,954	
Pupil Transportation	2,448,582				2,448,582	2,491,549
Unallocated Employee Benefits	12,376,717				12,376,717	11,396,320
Nonbudgeted Expenditures	3,845,322				3,845,322	3,698,021
Debt Service:						
Principal				2,245,000	2,245,000	2,185,000
Interest & Other Charges				1,340,425	1,340,425	1,412,400
Capital Outlay	563,935	121,058	10,050,070		10,735,063	1,649,024
Total Expenditures	64,236,983	1,975,719	10,050,070	3,585,425	79,848,197	68,199,651
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,382,966)		(10,050,070)		(11,433,036)	(1,645,136)
Other Financing Sources/(Uses):						
Bond Proceeds						19,806,000
Operating Transfer In: Capital Lease Proceeds (Nonbudgeted)	243,051				243,051	
Transfer to Cover Deficit (Enterprise Fund)						(50,000)
Total Other Financing Sources (Uses)	243,051				243,051	19,756,000
Net Change in Fund Balances	(1,139,915)		(10,050,070)		(11,189,985)	18,110,864
Fund Balance - July 1	1,845,424		18,645,445		20,490,869	2,380,005
Fund Balance - June 30	\$705,509	-	8,595,375	-	9,300,884	20,490,869

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

**LACEY TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Total Net Change in Fund Balances - Governmental Funds (From B-2) (\$11,189,985)

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	(\$1,924,170)	
Adjustment to Capital Assets	198,049	
Capital Outlays	10,513,965	8,787,844

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 2,245,000

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 221,098

Loss on the early extinguishments of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Refunding	(161,206)	
Amortization of Cost of Issuance	(32,750)	
Amortization of Original Issue Premiums	71,467	(122,489)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets:

Capital Lease Proceeds	(243,051)	(243,051)
------------------------	-----------	-----------

Accrual of interest of capital leases and bonds is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities.

Prior Year	563,986	
Current Year	(1,095,973)	(531,987)

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Prior Year	4,029,996	
Current Year	(3,386,855)	643,141

Change in Net Assets of Governmental Activities (\$190,429)

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



Proprietary Funds

**LACEY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	COMMUNITY EDUCATION	JUNE 30, 2010	JUNE 30, 2009
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$29,440	89,388	118,828	104,788
Accounts Receivable:				
State	2,328		2,328	
Federal	34,839		34,839	
Other	4,425		4,425	
Inventories	\$22,486		22,486	26,273
Total Current Assets	93,518	89,388	182,906	131,061
Noncurrent Assets:				
Furniture, Machinery & Equipment	323,402		323,402	323,402
Less: Accumulated Depreciation	(321,463)		(321,463)	(320,646)
Total Noncurrent Assets	1,939		1,939	2,756
Total Assets	95,457	89,388	184,845	133,817
LIABILITIES				
Cash Overdraft				3,075
Accounts Payable	40,016		40,016	
Total Liabilities	40,016		40,016	3,075
NET ASSETS				
Unrestricted Net Assets	55,441	89,388	144,829	130,742
Total Net Assets	\$55,441	89,388	144,829	130,742

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

**LACEY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES -		TOTALS	
	ENTERPRISE FUNDS		(MEMORANDUM ONLY)	
	FOOD SERVICE	COMMUNITY EDUCATION	JUNE 30, 2010	JUNE 30, 2009
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$962,912		962,912	978,869
Daily Sales - Nonreimbursable Programs	26,918		26,918	17,340
Program Revenues		219,587	219,587	224,505
Trip Income		68,269	68,269	17,663
Total Operating Revenues	989,830	287,856	1,277,686	1,238,377
Operating Expenses:				
Salaries	654,583	258,882	913,465	934,067
Advertising		930	930	930
Other Purchased Services	13,131	15,572	28,703	29,993
Tickets		11,304	11,304	30,995
Supplies & Materials	63,488	15,000	78,488	54,211
Depreciation Expense	817		817	817
Cost of Sales	765,650		765,650	749,303
Miscellaneous	5,381	2,673	8,054	7,823
Total Operating Expenses	1,503,050	304,361	1,807,411	1,808,139
Operating Income/(Loss)	(513,220)	(16,505)	(529,725)	(569,762)
Nonoperating Revenues (Expenses):				
Interest Income	1,670	1,105	2,775	3,842
Miscellaneous	6,228		6,228	6,777
State Sources:				
State School Lunch Program	23,654		23,654	23,261
School Breakfast Program	2,540		2,540	1,556
Federal Sources:				
National School Lunch Program	366,419		366,419	330,299
School Breakfast Program	22,913		22,913	14,160
Special Milk Program	4,456		4,456	5,191
Food Distribution Program	114,827		114,827	81,975
Total Nonoperating Revenues/ (Expenses)	542,707	1,105	543,812	467,061
Income/(Loss) Before Contributions & Transfers	29,487	(15,400)	14,087	(102,701)
Contributions & Transfers:				
Transfer to Cover Deficit				50,000
Total Contributions & Transfers				50,000
Change in Net Assets	29,487	(15,400)	14,087	(52,701)
Total Net Assets - Beginning	25,954	104,788	130,742	183,443
Total Net Assets - Ending	\$55,441	89,388	144,829	130,742

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

**LACEY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES -		TOTALS	
	ENTERPRISE FUNDS		(MEMORANDUM ONLY)	
	FOOD SERVICE	COMMUNITY EDUCATION	JUNE 30, 2010	JUNE 30, 2009
Cash Flows From Operating Activities:				
Receipts from Customers	\$985,405	287,856	1,273,261	1,429,641
Payments to Employees	(654,583)	(258,882)	(913,465)	(934,067)
Payments to Suppliers	(689,020)	(45,479)	(734,499)	(796,301)
Net Cash Provided/(Used) by Operating Activities	(358,198)	(16,505)	(374,703)	(300,727)
Cash Flows From Noncapital Financing Activities:				
Interest Income	1,670	1,105	2,775	3,842
Miscellaneous	6,228		6,228	6,777
Cash Received from Board Contribution				50,000
Cash Received from Federal Reimbursements	358,949		358,949	365,195
Cash Received from State Reimbursements	23,866		23,866	26,052
Net Cash Provided/(Used) by Noncapital Financing Activities	390,713	1,105	391,818	451,866
Net Increase/(Decrease) in Cash & Cash Equivalents				
Balances - Beginning of Year	(3,075)	104,788	101,713	(49,426)
Balances - End of Year	\$29,440	89,388	118,828	101,713

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$513,220)	(16,505)	(529,725)	(569,762)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Food Distribution Program	114,827		114,827	81,975
Depreciation Expense	817		817	817
Decrease/(Increase) in Interfund Receivable				191,264
Decrease/(Increase) in Other Receivables	(4,425)		(4,425)	
Decrease/(Increase) in Inventory	3,787		3,787	(3,594)
(Decrease)/Increase in Interfund Payable				(1,427)
(Decrease)/Increase in Accounts Payable	40,016		40,016	
Total Adjustments	155,022		155,022	269,035
Net Cash Provided/(Used) by Operating Activities	(\$358,198)	(16,505)	(374,703)	(300,727)

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

Fiduciary Funds

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE		AGENCY		TOTALS	
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY FUND	PAYROLL FUND	(MEMORANDUM ONLY) JUNE 30, 2010 JUNE 30, 2009	
ASSETS						
Cash & Cash Equivalents		227,677	162,102	365,012	754,791	591,061
Restricted Cash	\$10,220				10,220	10,456
Interfunds Receivable				56,439	56,439	50,235
Total Assets	10,220	227,677	162,102	421,451	821,450	651,752
LIABILITIES						
Payroll Deductions & Withholdings				418,587	418,587	89,568
Payable to Student Groups			162,102		162,102	170,266
Interfunds Payable		56,439		2,864	59,303	185,716
Total Liabilities		56,439	162,102	421,451	639,992	445,550
NET ASSETS						
Reserve For:						
Held in Trust for:						
Unemployment Claims & Other Purposes		171,238			171,238	195,746
Scholarships	10,220				10,220	10,456
Total Net Assets	\$10,220	171,238	-	-	181,458	206,202

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

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE		TOTALS	
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION TRUST	(MEMORANDUM ONLY) JUNE 30, 2010	JUNE 30, 2009
ADDITIONS				
Contributions:				
Plan Member		65,006	65,006	42,572
Total Contributions		65,006	65,006	42,572
Investment Earnings:				
Interest	\$164	1,944	2,108	3,060
Net Investment Earnings	164	1,944	2,108	3,060
Total Additions	164	66,950	67,114	45,632
DEDUCTIONS				
Scholarship Awards	400		400	807
Quarterly Contribution Reports				
Unemployment Claims		91,458	91,458	50,235
Total Deductions	400	91,458	91,858	51,042
Change in Net Assets	(236)	(24,508)	(24,744)	(5,410)
Net Assets-Beginning of the Year	10,456	195,746	206,202	211,612
Net Assets - End of the Year	\$10,220	171,238	181,458	206,202

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

**SCHOOL DISTRICT OF
LACEY TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Board of Education of the Lacey Township School District (the District) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards beginning with fiscal year-ending June 30, 2004. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010 and for the year then ended with comparative totals as of and for the year ended June 30, 2010 (Memorandum Only).

A. Reporting Entity

The Lacey Township School District is a Type II district located in the County of Ocean, 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 appointed to three-year terms. These terms are staggered so that selected members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Lacey Township School District has an approximate enrollment at June 30, 2010 of 4660 students.

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

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

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

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LACEY TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting

The accounts of the Lacey Township School 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

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

As required by the New Jersey Department of Education, Lacey Township School 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.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal 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).

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 -- Resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting governments programs, that is for the benefit of the government or its citizenry.

Proprietary Fund

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:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed 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 District's Enterprise Fund is comprised of the Food Service Fund and Community Education Fund.

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

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	5 Years
Light Trucks & Vehicle	5 Years
Heavy Trucks & Vehicle	5 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity’s own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Lacey Township School 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 Lacey Township School 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 private purpose 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.

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

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.

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

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

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the special revenue fund revenues and expenditures 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 Revenues 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:

**Notes to Required Supplementary Information.
Budgetary Comparison Schedule**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from C-3 the budgetary comparison schedules	\$62,924,635	\$2,066,297
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(90,578)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	2,191,791	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(2,262,409)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$62,854,017</u>	<u>\$1,975,719</u>

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

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

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

I. Tuition Receivable/Payable

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State School District, which is normally three years following the contract year. The cumulative adjustments through June 30, 2010, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2006-2007 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. 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 Lacey Township School District and that are due within one year.

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

L. Fixed Assets

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2010 for such salaries.

N. 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 is accrued as the employees earn the rights to the benefits.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

O. Deferred Revenue

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

P. Long-term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In addition, \$8,193,016 of capital project fund unreserved fund balance has been designated for the additions and renovations to school facilities in future years.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

Note 2. Cash and Cash Equivalents and Investments

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2010, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$9,943,395</u>
Total Deposits	<u>\$9,943,395</u>

Reconciliation to Statements of Net Assets:

Governmental Activities	\$9,059,556
Business-Type Activities	118,828
Fiduciary Funds	<u>765,011</u>
Total Cash and Cash Equivalents	<u>\$9,943,395</u>

Custodial Credit Risk – Deposits in financial institutions, 9,870,476 at June 30, 2010. Of the bank balance \$250,000 fully insured by the FDIC (Federal Depository Insurance Corporation) and \$9,620,476 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 2. Cash and Cash Equivalents and Investments (continued):

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2010, are provided in the above schedule.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

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

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2010 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

LACEY TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 4. Capital Reserve Account

The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. For fiscal year 2010 the District has not passed a resolution establishing a capital reserve account.

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 appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Note 5. Fixed Assets

The following schedule is a summarization of the general fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	Adjustment	June 30, 2010
Land	\$ 163,472				\$ 163,472
Construction in Progress	1,083,305	\$10,050,070	\$ -		11,133,375
Buildings	82,414,650			\$ (43,187)	82,371,463
Machinery & Equipment	8,341,052	458,679		480,645	9,280,377
Subtotal	92,002,479	10,508,749		437,458	102,948,686
Accumulated Depreciation	(45,061,280)	(1,924,170)		(234,193)	(47,219,643)
Total	<u>\$46,941,199</u>	<u>\$ 8,584,579</u>	<u>\$ -</u>	<u>\$203,265</u>	<u>\$ 55,729,043</u>

The following schedule is a summarization of the proprietary fund fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Adjustment	June 30, 2010
Machinery & Equipment	\$323,402		\$ -	\$323,402
Less: Accumulated Depreciation	(320,646)	\$(817)	_____	(321,463)
Net Fixed Assets	<u>\$ 2,756</u>	<u>\$(817)</u>	<u>\$ -</u>	<u>\$ 1,939</u>

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 6. Noncurrent Liabilities

During the fiscal year ended June 30, 2010 the following changes occurred in liabilities reported in the long-term debt:

	Balance 6/30/09	Accrued/ Increases	Retired/ Decreases	Balance 6/30/10	Due Within One Year
Bonds Payable	\$52,736,000		\$2,245,000	\$50,491,000	\$2,651,000
Capital Leases	243,150	\$ 243,051	221,098	265,103	119,453
Compensated Absences Payable	<u>4,029,996</u>	_____	<u>643,141</u>	<u>3,386,855</u>	_____
Total	<u>\$57,009,146</u>	<u>\$243,051</u>	<u>\$3,109,239</u>	<u>\$54,142,958</u>	<u>\$2,770,453</u>

A. Bonds Payable

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

Serial Bonds Payable

Principal and interest remaining on the Serial Bonds Outstanding is as follows.

Fiscal Years Ending June 30,	Principal	Interest	Total
2011	\$ 2,651,000	\$ 2,414,598	\$ 5,065,598
2012	3,280,000	1,832,788	5,112,788
2013	3,330,000	1,698,138	5,028,138
2014	2,795,000	1,619,550	4,414,550
2015	2,755,000	1,517,600	4,272,600
2016-2020	14,315,000	6,031,375	20,346,375
2021-2025	15,710,000	3,140,675	18,850,675
2026-2030	<u>5,655,000</u>	<u>601,725</u>	<u>6,256,725</u>
Total	<u>\$50,491,000</u>	<u>\$18,856,449</u>	<u>\$69,347,449</u>

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 6. Noncurrent Liabilities (continued):

B. Bonds Authorized but not Issued

As of June 30, 2010, the District had no authorized but not issued bonds.

Note 7. Pension Plans

Plan Descriptions - 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, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 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 noncontributing 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 (PERS) - The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of *N.J.S.A.43:15A* to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* 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 55 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

LACEY TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 7. Pension Plans (continued):

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.

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 ½ 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 District's 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.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

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 both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 7. Pension Plans (continued):

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$668,516	100%	\$ -0-
6/30/09	593,103	100%	-0-
6/30/08	427,087	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$1,765,635	100%	\$ -0-
6/30/09	1,694,117	100%	-0-
6/30/08	3,140,408	100%	-0-

During the year ended June 30, 2010 the State of New Jersey contributed \$1,765,635 to the TPAF for normal 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 \$2,079,687 for the year ended June 30, 2010 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 and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 8. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 8. Post-Retirement Benefits (continued):

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

Note 9. 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 School District contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$65,006	\$1,944	\$91,458	\$171,238
2008-2009	42,572	2,428	50,235	195,746
2007-2008	36,040	6,408	24,431	200,981

Note 10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 10. Contingent Liabilities (continued):

District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

Note 11. Economic Dependency

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

Note 12. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 2,864	\$ 860
Special Revenue Fund	860	
Trust & Agency Fund – Unemployment		56,439
Trust & Agency Fund – Payroll	<u>56,439</u>	<u>2,864</u>
Total	<u>\$60,163</u>	<u>\$60,163</u>

Note 13. Fund Balance Appropriated

General Fund – of the \$705,509 General Fund fund balance at June 30, 2010, \$983,462 is reserved for encumbrances; \$1,078,999 is reserved for excess surplus designated for subsequent years expenditures and \$(1,356,952) is unreserved and undesignated.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 14. Deferred Compensation

The District offers its employees a choice of 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.

Equitable	Met Life
Lincoln Investments	The Legend Group

Note 15. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2010 is \$3,386,855.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010 no liability existed for compensated absences in the proprietary fund types.

Note 16. Calculation of Excess Surplus

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

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 17. Subsequent Events

In August 2010, the District entered into an agreement to sell Solar Renewable Energy Certificates (“SRECs”) to PSEG Energy Resources & Trade LLC between the years 2010 through 2013. The District estimates selling 186 SRECs in 2010 at a price of \$664.45 and 1,708 SRECs each year for 2011, 2012, and 2013 at a price of \$586.85 each. The District anticipates proceeds from these sales totaling \$3,130,607.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Revenues:											
Local Tax Levy	10-1210	\$37,029,824		37,029,824	37,029,824		35,639,904		35,639,904	35,639,904	
Tuition	10-1320				22,585	22,585	100,000		100,000	17,484	(82,516)
Interest on Investments	10-1510				158,454	158,454				112,589	112,589
Miscellaneous Revenues	10-1990	200,000		200,000	72,980	(127,020)	100,000		100,000	89,773	(10,227)
Total Local Sources		37,229,824		37,229,824	37,283,843	54,019	35,839,904		35,839,904	35,859,750	19,846
State Sources:											
Extraordinary Aid	10-3131				138,802	138,802	75,547		75,547	173,519	97,972
Categorical Special Education Aid	10-3132	2,405,683		2,405,683	2,405,683		2,393,754		2,393,754	2,393,754	
Equalization Aid	10-3176	18,758,952	(3,403,738)	15,355,214	14,813,398	(541,816)	18,892,603		18,892,603	18,639,900	(252,703)
Categorical Security Aid	10-3177	442,257		442,257	287,467	(154,790)	424,944		424,944	424,944	
Categorical Transportation Aid	10-3121	1,136,931		1,136,931	739,005	(397,926)	902,711		902,711	902,711	
Non-Public Transportation Aid	10-3198				1,691	1,691				1,566	1,566
Nonbudgeted:											
On-Behalf TPAF Pension Contribution	10-3901				1,765,635	1,765,635				1,694,117	1,694,117
Reimbursed TPAF Social Security Contribution	10-3902				2,079,687	2,079,687				2,003,904	2,003,904
Total State Sources		22,743,823	(3,403,738)	19,340,085	22,231,368	2,891,283	22,689,559		22,689,559	26,234,415	3,544,856
Federal Sources:											
Medicaid Reimbursement	10-4200	44,613		44,613	5,686	(38,927)					
Education State Grant, Recovery Act	16-4520		3,276,885	3,276,885	3,276,885						
Government Services Grant, Recovery Act	17-4521		126,853	126,853	126,853						
Total Federal Sources		44,613	3,403,738	3,448,351	3,409,424	(38,927)					
Total Revenues		60,018,260		60,018,260	62,924,635	2,906,375	58,529,463		58,529,463	62,094,165	3,564,702

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**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool/Kindergarten	11-110-100-101	514,634	3,868	518,502	518,502		471,865	23,400	495,265	489,379	5,886
Grades 1 - 5	11-120-100-101	7,762,340	(281,354)	7,480,986	7,476,879	4,107	7,528,294	(172,780)	7,355,514	7,324,505	31,009
Grades 6 - 8	11-130-100-101	4,317,342	(17,013)	4,300,329	4,298,568	1,761	4,050,864	113,574	4,164,438	4,164,394	44
Grades 9 - 12	11-140-100-101	7,122,435	(112,287)	7,010,148	7,010,147	1	6,741,886	39,912	6,781,798	6,781,214	584
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	214,193	68,852	283,045	283,044	1	431,472	55,509	486,981	477,937	9,044
Purchased Professional - Educational Services	11-190-100-320	28,140	10,083	38,223	27,081	11,142	22,615	11,642	34,257	30,228	4,029
Other Purchased Services	11-190-100-500	575,183	(17,006)	558,177	534,280	23,897	452,744	2,739	455,483	410,444	45,039
General Supplies	11-190-100-610	992,004	(122,951)	869,053	806,099	62,954	755,849	304,550	1,060,399	968,792	91,607
Textbooks	11-190-100-640	637,893	98,518	736,411	730,433	5,978	260,143	97,922	358,065	347,619	10,446
Other Objects	11-190-100-890	57,600	1,739	59,339	46,155	13,184	56,000	(7,271)	48,729	37,563	11,166
Total Regular Programs		22,221,764	(367,551)	21,854,213	21,731,188	123,025	20,771,732	469,197	21,240,929	21,032,075	208,854
Special Education:											
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	771,882	99,097	870,979	870,979		741,175	23,300	764,475	764,458	17
Other Salaries for Instruction	11-204-100-106	144,330	9,663	153,993	153,992	1	218,754	(89,271)	129,483	128,764	719
General Supplies	11-204-100-610	8,963	(1,699)	7,264	7,264		10,234		10,234	7,604	2,630
Textbooks	11-204-100-640	6,568	(4,465)	2,103	2,102	1	5,450		5,450	4,719	731
Other	11-204-100-800	2,115	(1,428)	687	562	125	2,390		2,390	1,359	1,031
Total Learning and/or Language Disabilities		933,858	101,168	1,035,026	1,034,899	127	978,003	(65,971)	912,032	906,904	5,128
Behavioral Disabilities:											
Salaries of Teachers	11-209-100-101	328,610	23,014	351,624	351,623	1	275,285	28,600	303,885	303,816	69
Other Salaries for Instruction	11-209-100-106	70,633	11,089	81,722	81,721	1	53,738	15,330	69,068	67,756	1,312
General Supplies	11-209-100-610	5,100	(1,361)	3,739	3,739		5,100		5,100	2,162	2,938
Textbooks	11-209-100-640	960	(960)				960		960		960
Other	11-209-100-800	3,250	1,600	4,850	4,847	3	3,000		3,000	1,889	1,111

LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Behavioral Disabilities	408,553	33,382	441,935	441,930	5	338,083	43,930	382,013	375,623	6,390	
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	341,614	14,342	355,956	355,955	1	369,843	44,300	414,143	414,095	48
Other Salaries for Instruction	11-212-100-106	260,740	(39,542)	221,198	219,606	1,592	281,385	27,088	308,473	296,990	11,483
General Supplies	11-212-100-610	9,996	(261)	9,735	9,545	190	9,656	600	10,256	10,142	114
Textbooks	11-212-100-640	650	(500)	150	117	33	960	(600)	360		360
Other	11-212-100-800	890	82	972	948	24	690		690	593	97
Total Multiple Disabilities		613,890	(25,879)	588,011	586,171	1,840	662,534	71,388	733,922	721,820	12,102
Resource Room:											
Salaries of Teachers	11-213-100-101	2,897,333	(42,456)	2,854,877	2,848,617	6,260	2,669,316	(31,800)	2,637,516	2,634,088	3,428
Other Salaries for Instruction	11-213-100-106	208,564		208,564	206,455	2,109	132,915	38,710	171,625	171,619	6
Other Purchased Services	11-213-100-500	3,000	(2,278)	722	721	1	3,000		3,000	1,542	1,458
General Supplies	11-213-100-610	14,637	(2,900)	11,737	11,737		12,612	(3,103)	9,509	6,673	2,836
Textbooks	11-213-100-640	5,975	(2,717)	3,258	3,258		5,925	3,094	9,019	8,757	262
Other Objects	11-213-100-800	1,050	(990)	60	60		1,050		1,050		1,050
Total Resource Room		3,130,559	(51,341)	3,079,218	3,070,848	8,370	2,824,818	6,901	2,831,719	2,822,679	9,040
Special Education - Autism:											
Salaries of Teachers	11-214-100-101	99,530		99,530	98,968	562	98,328		98,328	95,304	3,024
Other Salaries for Instruction	11-214-100-106	275,294	7,240	282,534	282,533	1	145,147	132,075	277,222	277,198	24
General Supplies	11-214-100-610	835	255	1,090	554	536	983		983	443	540
Textbooks	11-214-100-640	255	(255)								
Other Objects	11-214-100-800	300	(285)	15	15		250		250		250
Total Autism		376,214	6,955	383,169	382,070	1,099	244,708	132,075	376,783	372,945	3,838
Special Education - Preschool Disabilities - Full-Time:											
Salaries of Teachers	11-216-100-101	144,076	8,059	152,135	152,135		333,732	(44,300)	289,432	138,214	151,218
Other Salaries for Instruction	11-216-100-106	101,127	27,895	129,022	129,021	1	85,287	18,039	103,326	103,294	32
General Supplies	11-216-100-610	4,032	(1,941)	2,091	2,091		2,083	400	2,483	893	1,590
Textbooks	11-216-100-640						150		150	105	45
Other Objects	11-216-100-800	350	(125)	225	225						

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Preschool Disabilities - Full-Time	249,585	33,888	283,473	283,472	1	421,252	(25,861)	395,391	242,506	152,885	
Total Special Education	5,712,659	98,173	5,810,832	5,799,390	11,442	5,469,398	162,462	5,631,860	5,442,477	189,383	
Bilingual Educational - Instruction:											
Salaries of Teachers	11-240-100-101	80,692	33,263	113,955	113,954	1	75,428	38,500	113,928	113,846	82
General Supplies	11-240-100-610	1,400	(41)	1,359	259	1,100	1,200	1,200		1,200	
Total Bilingual Education - Instruction		82,092	33,222	115,314	114,213	1,101	76,628	38,500	115,128	113,846	1,282
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	372,564	2,200	374,764	347,760	27,004	345,379	10,400	355,779	330,490	25,289
Other Purchased Services	11-401-100-500		1,750	1,750	1,500	250					
Supplies and Materials	11-401-100-600	18,530	(3,000)	15,530	9,325	6,205	20,265	(251)	20,014	8,138	11,876
Other Objects	11-401-100-800	2,640	150	2,790	705	2,085	605	250	855	436	419
Total School Sponsored Cocurricular Activities		393,734	1,100	394,834	359,290	35,544	366,249	10,399	376,648	339,064	37,584
School Sponsored Athletics - Instruction:											
Salaries	11-402-100-100	792,005	39,000	831,005	794,351	36,654	775,419	9,300	784,719	784,663	56
Purchased Services	11-402-100-500	61,476	2,187	63,663	56,722	6,941	55,750	7,300	63,050	60,605	2,445
Supplies and Materials	11-402-100-600	111,543	(2,390)	109,153	107,814	1,339	125,167	(27,892)	97,275	88,351	8,924
Other Objects	11-402-100-800	25,965	2,879	28,844	22,963	5,881	20,500	4,000	24,500	21,651	2,849
Total School Sponsored Athletics Instruction		990,989	41,676	1,032,665	981,850	50,815	976,836	(7,292)	969,544	955,270	14,274
Total Instruction		29,401,238	(193,380)	29,207,858	28,985,931	221,927	27,660,843	673,266	28,334,109	27,882,732	451,377
Undistributed Expenditures:											
Instruction :											
Tuition to Other LEAs Within the State - Regular	11-000-100-561	60,000	(4,854)	55,146	55,146		30,000	21,305	51,305	50,605	700
Tuition to Other LEAs Within the State - Special	11-000-100-562	60,000	75,086	135,086	135,085	1	20,000	20,000	15,198	15,198	4,802

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**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Undistributed Expenditures (continued):											
Instruction (continued):											
Tuition to County Voc. School											
District - Regular	11-000-100-563	18,000	(3,000)	15,000	15,000		18,000		18,000	17,000	1,000
Tuition to CSSD & Regional Day School											
Day School	11-000-100-565	200,000	(60,258)	139,742	139,742		225,000		225,000	177,667	47,333
Tuition to Private School for the Handicapped - State											
the Handicapped - State	11-000-100-566	1,020,000	150,885	1,170,885	1,164,787	6,098	1,020,000	(11,684)	1,008,316	909,821	98,495
Tuition - State Facilities	11-000-100-568	35,250		35,250	35,250		115,083		115,083	115,083	
Total Undistributed Expenditures - Instruction		1,393,250	157,859	1,551,109	1,545,010	6,099	1,408,083	29,621	1,437,704	1,285,374	152,330
Attendance & Social Work Services:											
Salaries	11-000-211-100	218,788	6,891	225,679	225,678	1	206,119	1,794	207,913	207,893	20
Total Attendance & Social Work Services		218,788	6,891	225,679	225,678	1	206,119	1,794	207,913	207,893	20
Health Services:											
Salaries	11-000-213-100	497,512	37,276	534,788	534,787	1	468,710	31,373	500,083	500,074	9
Purchased Professional & Technical Services											
Technical Services	11-000-213-300	43,397	(5,582)	37,815	36,710	1,105	43,397		43,397	37,610	5,787
Other Purchased Services											
Other Purchased Services	11-000-213-500	20,000	(13,234)	6,766	6,643	123	20,000		20,000	8,578	11,422
Supplies and Materials											
Supplies and Materials	11-000-213-600	25,900	(3,227)	22,673	21,003	1,670	35,005	1,897	36,902	27,463	9,439
Total Health Services		586,809	15,233	602,042	599,143	2,899	567,112	33,270	600,382	573,725	26,657
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	385,728	46,157	431,885	425,479	6,406	366,332	(9,000)	357,332	356,781	551
Purchased Professional - Educational Services											
Educational Services	11-000-216-320	15,000	3,492	18,492	16,892	1,600	13,000	2,123	15,123	15,123	
Supplies and Materials											
Supplies and Materials	11-000-216-600	2,400	109	2,509	2,108	401	2,400		2,400	1,428	972
Total Other Support Services - Students - Related Services		403,128	49,758	452,886	444,479	8,407	381,732	(6,877)	374,855	373,332	1,523
Other Support Services - Students - Extra Services:											
Salaries	11-000-217-100	141,862	579	142,441	142,370	71					
Total Other Support Services - Students - Extra Services		141,862	579	142,441	142,370	71					

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	1,006,456	80,203	1,086,659	1,086,659		943,164	53,000	996,164	993,399	2,765
Salaries of Secretarial & Clerical Assistants	11-000-218-105	151,147	5,711	156,858	156,857	1	117,887	22,221	140,108	140,105	3
Purchased Professional - Educational Services	11-000-218-320	40,000	25,142	65,142	63,904	1,238	40,000	32,050	72,050	54,893	17,157
Supplies and Materials	11-000-218-600	11,100		11,100	11,041	59	11,100	(2,050)	9,050	8,776	274
Total Other Support Services - Regular		1,208,703	111,056	1,319,759	1,318,461	1,298	1,112,151	105,221	1,217,372	1,197,173	20,199
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	827,545	30,775	858,320	858,319	1	844,698	(83,700)	760,998	760,387	611
Salaries of Secretarial & Clerical Assistants	11-000-219-105	72,344		72,344	71,180	1,164	71,677		71,677	68,531	3,146
Purchased Professional - Educational Services	11-000-219-320	260,134	(60,151)	199,983	199,726	257	405,000	(25,600)	379,400	323,243	56,157
Total Other Support Services - Students - Special Services		1,160,023	(29,376)	1,130,647	1,129,225	1,422	1,321,375	(109,300)	1,212,075	1,152,161	59,914
Improvement of Instruction Services/Other Support Services - Instruction Staff:											
Salaries of Supervisors of Instruction	11-000-221-102	717,653		717,653	714,131	3,522	686,182	(8,358)	677,824	675,135	2,689
Salaries of Other Professional Staff	11-000-221-104	180,895		180,895	177,832	3,063	104,550	64,500	169,050	168,951	99
Salaries of Secretarial & Clerical Assistants	11-000-221-105	194,825	2,249	197,074	197,074		219,690	2,330	222,020	220,933	1,087
Purchased Professional - Educational Services	11-000-221-320	58,500		58,500	54,366	4,134	57,000	4,000	61,000	53,262	7,738
Supplies and Materials	11-000-221-600	32,900	(11,305)	21,595	18,579	3,016	37,300	(3,550)	33,750	21,660	12,090
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		1,184,773	(9,056)	1,175,717	1,161,982	13,735	1,104,722	58,922	1,163,644	1,139,941	23,703

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Educational Media Services/School Library:											
Salaries	11-000-222-100	618,602	(6,891)	611,711	610,393	1,318	557,146	33,224	590,370	590,369	1
Purchased Professional & Technical Services	11-000-222-300	8,349	(559)	7,790	4,713	3,077	8,697	(1,747)	6,950	6,653	297
Supplies and Materials	11-000-222-600	37,000	696	37,696	35,932	1,764	34,000	2,822	36,822	35,644	1,178
Total Educational Media Services/School Library		663,951	(6,754)	657,197	651,038	6,159	599,843	34,299	634,142	632,666	1,476
Support Services Instructional Staff Training Services:											
Other Purchased Services	11-000-223-500	90,400	(4,377)	86,023	54,235	31,788	57,250	7,517	64,767	60,883	3,884
Total Support Services Instructional Staff Training Services		90,400	(4,377)	86,023	54,235	31,788	57,250	7,517	64,767	60,883	3,884
Support Services General Administration:											
Salaries	11-000-230-100	546,951	105,045	651,996	651,995	1	588,792	64,056	652,848	652,807	41
Salaries of Attorneys	11-000-230-108	10,000		10,000	9,583	417					
Legal Services	11-000-230-331	140,000	101,000	241,000	240,761	239	140,000	66,315	206,315	206,311	4
Audit Fees	11-000-230-332	22,000		22,000	18,000	4,000					
Other Purchased Professional Services	11-000-230-339	38,000		38,000	36,726	1,274	58,500	60,000	118,500	118,287	213
Communications/Telephone	11-000-230-530	165,000	(31,325)	133,675	104,434	29,241	165,000	(17,606)	147,394	88,794	58,600
Other Purchased Services	11-000-230-590	127,300	1,000	128,300	128,281	19	122,300		122,300	93,000	29,300
General Supplies	11-000-230-610	35,000	4	35,004	23,325	11,679	34,000	627	34,627	31,107	3,520
Miscellaneous Expenditures	11-000-230-890	17,000		17,000	7,065	9,935	16,600	60	16,660	13,102	3,558
BOE Membership Dues & Fees	11-000-230-895	38,000		38,000	35,267	2,733	36,341		36,341	31,941	4,400
Total Support Services General Administration		1,139,251	175,724	1,314,975	1,255,437	59,538	1,161,533	173,452	1,334,985	1,235,349	99,636
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	953,306	8,134	961,440	961,440		917,486	82,570	1,000,056	1,000,030	26
Salaries of Secretarial & Clerical Assistants	11-000-240-105	359,531		359,531	358,531	1,000	340,498	34,900	375,398	375,394	4
Supplies and Materials	11-000-240-600	107,016	19,411	126,427	118,848	7,579	61,560	1,068	62,628	48,833	13,795
Total Support Services School Administration		1,419,853	27,545	1,447,398	1,438,819	8,579	1,319,544	118,538	1,438,082	1,424,257	13,825

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**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Central Services:											
Salaries	11-000-251-100	482,526	11,087	493,613	493,613		432,420	50,974	483,394	483,386	8
Purchased Professional Services	11-000-251-330	18,000		18,000	9,939	8,061	16,000	(635)	15,365	8,847	6,518
General Supplies	11-000-251-600	18,200		18,200	9,467	8,733	16,200	200	16,400	10,456	5,944
Miscellaneous Expenditures	11-000-251-890	3,000		3,000	2,004	996	2,800		2,800	2,274	526
Total Central Services		521,726	11,087	532,813	515,023	17,790	467,420	50,539	517,959	504,963	12,996
Required Maintenance for School Facilities:											
Salaries	11-000-261-100	1,343,263	(49,453)	1,293,810	1,281,531	12,279					
Cleaning, Repair & Maintenance Services	11-000-261-420	212,304	11,331	223,635	157,773	65,862	180,104	67,471	247,575	207,537	40,038
General Supplies	11-000-261-610	136,965	11,673	148,638	127,596	21,042	101,300	25,771	127,071	111,163	15,908
Total Required Maintenance for School Facilities		1,692,532	(26,449)	1,666,083	1,566,900	99,183	281,404	93,242	374,646	318,700	55,946
Operation & Maintenance of Plant Services:											
Salaries	11-000-262-100	1,362,967	4,782	1,367,749	1,367,748	1	2,861,256	5,347	2,866,603	2,863,522	3,081
Purchased Professional & Technical Services	11-000-262-300	7,000		7,000	4,350	2,650	7,000		7,000	3,550	3,450
Cleaning, Repair & Maintenance Services	11-000-262-420	37,000		37,000	11,990	25,010	37,000	740	37,740	29,650	8,090
Other Purchased Property Services	11-000-262-490	82,000		82,000	65,492	16,508	87,000		87,000	62,662	24,338
Insurance	11-000-262-520	440,000	(30,000)	410,000	406,042	3,958	400,000		400,000	368,103	31,897
General Supplies	11-000-262-610	133,650		133,650	128,034	5,616	235,440	5,832	241,272	239,885	1,387
Energy (Natural Gas)	11-000-262-621	633,000	(55,000)	578,000	385,464	192,536					
Energy (Electricity)	11-000-262-622	1,259,000	(179,015)	1,079,985	955,100	124,885	1,767,000		1,767,000	1,744,701	22,299
Total Operation & Maintenance of Plant Services		3,954,617	(259,233)	3,695,384	3,324,220	371,164	5,394,696	11,919	5,406,615	5,312,073	94,542
Care & Upkeep of Grounds:											
Salaries	11-000-263-100	329,339	6,593	335,932	335,932						
General Supplies	11-000-263-610	70,000	13,100	83,100	81,590	1,510					
Total Care & Upkeep of Grounds		399,339	19,693	419,032	417,522	1,510					
Security:											
Salaries	11-000-266-100	237,653	73,181	310,834	226,954	83,880					
Total Security		237,653	73,181	310,834	226,954	83,880					
Student Transportation Services:											
Salaries of Non-Instructional Aides	11-000-270-107	57,576		57,576	9,728	47,848					
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	1,017,079	10,614	1,027,693	1,027,693		1,077,953	1,700	1,079,653	1,079,605	48

LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Student Transportation Services (continued):											
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	387,993	19,964	407,957	407,956	1	280,000	109,700	389,700	389,615	85
Cleaning, Repair & Maintenance Services	11-000-270-420	12,000		12,000	10,484	1,516	8,200		8,200	6,554	1,646
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512		1,250	1,250	1,250			3,350	3,350	2,150	1,200
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513	78,000		78,000	77,848	152	75,000	12,000	87,000	81,867	5,133
Contracted Services (Special Education Students) - ESC's & CTSA's	11-000-270-518	580,000		580,000	460,617	119,383	550,000		550,000	480,894	69,106
Aid in Lieu of Payments	11-000-270-503	5,000	5,610	10,610	10,608	2	5,000	225	5,225	5,220	5
Miscellaneous Purchased Services - Transportation	11-000-270-593	140,000	(25,610)	114,390	72,259	42,131	140,000	(15,325)	124,675	115,541	9,134
Supplies and Materials	11-000-270-600	8,080		8,080	6,790	1,290	338,325	358	338,683	313,758	24,925
Transportation Supplies	11-000-270-615	400,000		400,000	348,679	51,321					
Other Objects	11-000-270-800	16,750		16,750	14,670	2,080	17,600		17,600	16,345	1,255
Total Student Transportation Services		2,702,478	11,828	2,714,306	2,448,582	265,724	2,492,078	112,008	2,604,086	2,491,549	112,537
Unallocated Benefits - Employee Benefits:											
Social Security	11-xxx-xxx-220	980,000	(20,299)	959,701	949,971	9,730	903,000	23,300	926,300	920,858	5,442
Other Retirement Contributions	11-xxx-xxx-241	680,000	(11,000)	669,000	668,516	484	800,000	(181,688)	618,312	593,103	25,209
Worker's Compensation	11-xxx-xxx-260	780,000	(148,000)	632,000	621,733	10,267	700,000		700,000	686,740	13,260
Health Benefits	11-xxx-xxx-270	9,790,000	509,683	10,299,683	9,967,368	332,315	11,048,000	(1,186,324)	9,861,676	9,025,992	835,684
Tuition Reimbursement	11-xxx-xxx-280	94,005	1,353	95,358	89,509	5,849	90,584	10,971	101,555	88,163	13,392
Other Employee Benefits	11-xxx-xxx-290	90,000	350	90,350	79,620	10,730	86,990		86,990	81,464	5,526
Total Unallocated Benefits - Employee Benefits		12,414,005	332,087	12,746,092	12,376,717	369,375	13,628,574	(1,333,741)	12,294,833	11,396,320	898,513
Nonbudgeted:											
On-Behalf TPAF Pension Contribution					1,765,635	(1,765,635)				1,694,117	(1,694,117)
Reimbursed TPAF Social Security Contribution					2,079,687	(2,079,687)				2,003,904	(2,003,904)

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Undistributed Expenditures	31,533,141	657,276	32,190,417	34,687,117	(2,496,700)	31,503,636	(619,576)	30,884,060	33,004,380	(2,120,320)	
Total Expenditures - Current Expense	60,934,379	463,896	61,398,275	63,673,048	(2,274,773)	59,164,479	53,690	59,218,169	60,887,112	(1,668,943)	
Capital Outlay:											
Equipment:											
Regular Programs - Instruction:											
Grades 1 - 5	12-120-100-730	146,475		146,475	146,436	39	188,749	(4,878)	183,871	183,870	1
Grades 9 - 12	12-140-100-730		5,384	5,384	5,384						
Support Services - Students - Regular	12-000-210-730		2,500	2,500	2,500			2,500	2,500		2,500
Central Services	12-000-251-730	10,491		10,491	10,491		10,491		10,491		10,491
Operation & Maintenance of Plant Services	12-000-260-730						38,415	76,670	115,085	111,731	3,354
Required Maintenance for School Facilities	12-000-261-730	21,000	(21,000)								
Care & Upkeep of Grounds	12-000-263-730		24,085	24,085	20,728	3,357					
Undistributed Expenditures - Student Transportation:											
Noninstructional Equipment	12-000-270-732	136,500	(1,100)	135,400	135,345	55	184,500		184,500	171,217	13,283
Total Equipment		314,466	9,869	324,335	320,884	3,451	422,155	74,292	496,447	477,309	19,138
Assets Acquired Under Capital Leases (Nonbudgeted)					243,051	(243,051)					
Total Capital Outlay		314,466	9,869	324,335	563,935	(239,600)	422,155	74,292	496,447	477,309	19,138
Total Expenditures		61,248,845	473,765	61,722,610	64,236,983	(2,514,373)	59,586,634	127,982	59,714,616	61,364,421	(1,649,805)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(1,230,585)	(473,765)	(1,704,350)	(1,312,348)	392,002	(1,057,171)	(127,982)	(1,185,153)	729,744	1,914,897
Other Financing Sources/(Uses):											
Operating Transfers In:											
Capital Lease Proceeds (Nonbudgeted)				243,051	243,051						
Operating Transfers Out:											
Transfer to Cover Deficit (Enterprise Fund)	11-000-310-930							(50,000)	(50,000)	(50,000)	

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(1,230,585)	(473,765)	(1,704,350)	(1,069,297)	635,053	(1,057,171)	(177,982)	(1,235,153)	679,744	1,914,897
57 Fund Balances, July 1	4,037,215		4,037,215	4,037,215		3,357,471		3,357,471	3,357,471	
Fund Balances, June 30	<u>\$2,806,630</u>	<u>(473,765)</u>	<u>2,332,865</u>	<u>2,967,918</u>	<u>635,053</u>	<u>2,300,300</u>	<u>(177,982)</u>	<u>2,122,318</u>	<u>4,037,215</u>	<u>1,914,897</u>

RECAPITULATION OF FUND BALANCE

Reserve for Encumbrances	\$983,462
Excess Surplus - Designated for Subsequent Year's Expenditures	1,078,999
Unrestricted Fund Balance	<u>905,457</u>
Subtotal	2,967,918
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(2,262,409)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$705,510</u>

**LACEY TOWNSHIP SCHOOL DISTRICT
AMERICAN RECOVERY AND REINVESTMENT ACT -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	ACCOUNT NUMBER	JUNE 30, 2010			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:					
Federal Sources:					
Education State Grant, Recovery Act	16-4520	\$ -	3,276,885	3,276,885	3,276,885
Government Services Grant, Recovery Act	17-4521		126,853	126,853	126,853
Total Federal Sources			3,403,738	3,403,738	3,403,738
Total Revenues			3,403,738	3,403,738	3,403,738
Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool/Kindergarten	16-110-100-101		49,452	49,452	49,452
Grades 1 - 5	16-120-100-101		653,478	653,478	653,478
Grades 6 - 8	16-130-100-101		379,201	379,201	379,201
Grades 9 - 12	16-140-100-101		2,194,754	2,194,754	2,194,754
Total Instruction - Regular Programs			3,276,885	3,276,885	3,276,885
Instruction - Regular Programs:					
Salaries of Teachers:					
Grades 9 - 12	17-140-100-101		126,853	126,853	126,853
Total Instruction - Regular Programs			126,853	126,853	126,853
Total Expenditures - Current Expense			3,403,738	3,403,738	3,403,738
Total Expenditures			3,403,738	3,403,738	3,403,738
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		\$ -	-	-	-

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
Local Sources		112,760	112,760	112,760			68,665	68,665	68,665	
State Sources							197,318	197,318	197,318	
Federal Sources	\$1,463,135	490,402	1,953,537	1,953,537		1,243,985	408,954	1,652,939	1,652,939	
Total - Revenues	1,463,135	603,162	2,066,297	2,066,297		1,243,985	674,937	1,918,922	1,918,922	
EXPENDITURES										
Instruction:										
Salaries of Teachers	300,000	233,579	533,579	533,579		301,400	167,410	468,810	468,810	
Other Salaries for Instruction							14,028	14,028	14,028	
Purchased Professional Services	563,896	(44,116)	519,780	519,780		403,085	29,342	432,427	432,427	
Tuition	390,000	52,225	442,225	442,225						
Other Purchased Services						384,200	111,435	495,635	495,635	
Travel		200	200	200						
General Supplies	47,080	115,445	162,525	162,525		46,130	123,331	169,461	169,461	
Textbooks						1,270	(44)	1,226	1,226	
Miscellaneous Expenses	1,270	1,711	2,981	2,981			3,363	3,363	3,363	
Total Instruction	1,302,246	359,044	1,661,290	1,661,290		1,136,085	448,865	1,584,950	1,584,950	
Support Services:										
Salaries of Other Professional Staff		650	650	650			56,150	56,150	56,150	
Salaries of Secretarial & Clerical Assistants	12,700	37,326	50,026	50,026		12,700	(1,137)	11,563	11,563	
Purchased Professional - Educational Services	42,500	10,143	52,643	52,643						
Other Purchased Professional Services						42,500	58,446	100,946	100,946	
Purchased Technical Services	61,239	12,733	73,972	73,972						
Employee Benefits	30,000	44,614	74,614	74,614		38,250	105,720	143,970	143,970	
Travel	7,650	5,792	13,442	13,442		7,650	(1,493)	6,157	6,157	
Supplies & Materials	6,800	11,732	18,532	18,532		6,800	(3,173)	3,627	3,627	
Miscellaneous Expenditures		70	70	70			399	399	399	
Total Support Services	160,889	123,060	283,949	283,949		107,900	214,912	322,812	322,812	
Capital Outlay										
Instructional Equipment		121,058	121,058	121,058			11,160	11,160	11,160	
Total Capital Outlay		121,058	121,058	121,058			11,160	11,160	11,160	
Total Expenditures	1,463,135	603,162	2,066,297	2,066,297		1,243,985	674,937	1,918,922	1,918,922	
Total Outflows	1,463,135	603,162	2,066,297	2,066,297		1,243,985	674,937	1,918,922	1,918,922	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-		-	-	-	-	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**LACEY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule	\$62,924,635	2,066,297
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		37,092
Current Year		(127,670)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 2,191,791	
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		 (2,262,409)
	<hr/>	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$62,854,017</u>	<u>1,975,719</u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$64,236,983	2,066,297
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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.		
Prior Year		37,092
Current Year		(127,670)
	<hr/>	
Total Expenditures as Reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$64,236,983</u>	<u>1,975,719</u>

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	IDEA - PART B BASIC REGULAR PROGRAM	IDEA - PART B PRESCHOOL PROGRAM	IDEA - PART B BASIC REGULAR PROGRAM - ARRA	IDEA - PART B PRESCHOOL PROGRAM - ARRA	NO CHILD LEFT BEHIND TITLE I
Revenues:					
Local Sources					
State Sources					
Federal Sources	\$1,029,668	32,882	169,577	6,282	385,522
Total Revenues	\$1,029,668	32,882	169,577	6,282	385,522
Expenditures:					
Instruction:					
Salaries of Teachers			33,469		269,186
Other Salaries for Instruction					
Purchased Professional Services	\$482,848	32,882			
Tuition	442,225				
Other Purchased Services					
Travel					
General Supplies	32,035		50,148	867	
Textbooks					
Miscellaneous Expense					
Total Instruction	957,108	32,882	83,617	867	269,186
Support Services:					
Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff					
Salaries of Secretarial & Clerical Assistants	11,097				
Purchased Professional Services	52,643				
Other Purchased Professional Services					
Purchased Technical Services					66,760
Employee Benefits			4,452		45,455
Travel	5,420		1,349		
General Supplies	3,400		4,281	5,415	4,121
Miscellaneous Expenses					
Total Support Services	72,560		10,082	5,415	116,336
Capital Outlay					
Instructional Equipment			75,878		
Total Capital Outlay			75,878		
Total Expenditures	\$1,029,668	32,882	169,577	6,282	385,522

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	NO CHILD LEFT BEHIND				
	TITLE I SIA	TITLE I ARRA	TITLE I SIA - ARRA	TITLE IIA	TITLE IID
Revenues:					
Local Sources					
State Sources					
Federal Sources	\$14,302	115,395	13,176	139,523	4,422
Total Revenues	\$14,302	115,395	13,176	139,523	4,422
Expenditures:					
Instruction:					
Salaries of Teachers	\$14,302	100,734		\$97,780	825
Other Salaries for Instruction					
Purchased Professional Services					
Tuition					
Other Purchased Services					
Travel					200
General Supplies		442	6,275	9,753	1,821
Textbooks					
Miscellaneous Expense					
Total Instruction	14,302	101,176	6,275	107,533	2,846
Support Services:					
Other Support Services - Students - Special:					
Salaries of Other Professional Staff					
Salaries of Secretarial & Clerical Assistants				6,170	
Purchased Professional Services					
Other Purchased Professional Services					
Purchased Technical Services				4,072	1,000
Employee Benefits		14,219		9,753	76
Travel				5,770	500
General Supplies					
Miscellaneous Expenses					
Total Support Services		14,219		25,765	1,576
Capital Outlay					
Instructional Equipment			6,901	6,225	
Total Capital Outlay			6,901	6,225	
Total Expenditures	\$14,302	115,395	13,176	139,523	4,422

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	NO CHILD LEFT BEHIND			CARL D. PERKINS GRANT SECONDARY
	TITLE III	TITLE III IMMIGRANT	TITLE IV	
Revenues:				
Local Sources				
State Sources				
Federal Sources	\$2,198	3,769	11,295	25,526
Total Revenues	\$2,198	3,769	11,295	25,526
Expenditures:				
Instruction:				
Salaries of Teachers	\$1,252	2,301	8,024	
Other Salaries for Instruction				
Purchased Professional Services				4,050
Tuition				
Other Purchased Services				
Travel				
General Supplies	446		181	18,316
Textbooks				
Miscellaneous Expense	500		2,481	
Total Instruction	2,198	2,301	10,686	22,366
Support Services:				
Other Support Services - Students - Special:				
Salaries of Other Professional Staff				650
Salaries of Secretarial & Clerical Assistants				
Purchased Professional Services				
Other Purchased Professional Services				
Purchased Technical Services				2,140
Employee Benefits			609	50
Travel		403		
General Supplies		995		320
Miscellaneous Expenses		70		
Total Support Services		1,468	609	3,160
Capital Outlay				
Instructional Equipment				
Total Capital Outlay				
Total Expenditures	\$2,198	3,769	11,295	25,526

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	VARIOUS LOCAL GRANTS	2010	2009
Revenues:			
Local Sources	\$112,760	112,760	68,665
State Sources			197,318
Federal Sources		1,953,537	1,652,939
Total Revenues	\$112,760	2,066,297	1,918,922
Expenditures:			
Instruction:			
Salaries of Teachers	\$5,706	533,579	468,810
Other Salaries for Instruction			14,028
Purchased Professional Services		519,780	432,427
Tuition		442,225	
Other Purchased Services			495,635
Travel		200	
General Supplies	42,241	162,525	169,461
Textbooks			1,226
Miscellaneous Expense		2,981	3,363
Total Instruction	47,947	1,661,290	1,584,950
Support Services:			
Other Support Services - Students - Special:			
Salaries of Other Professional Staff		650	56,150
Salaries of Secretarial & Clerical Assistants	32,759	50,026	11,563
Purchased Professional Services		52,643	
Other Purchased Professional Services			100,946
Purchased Technical Services		73,972	
Employee Benefits		74,614	143,970
Travel		13,442	6,157
General Supplies		18,532	3,627
Miscellaneous Expenses		70	399
Total Support Services	32,759	283,949	322,812
Capital Outlay			
Instructional Equipment	32,054	121,058	11,160
Total Capital Outlay	32,054	121,058	11,160
Total Expenditures	\$112,760	2,066,297	1,918,922

F. Capital Projects Fund

**LACEY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2010
			PRIOR YEARS	CURRENT YEAR	
Installation of Solar Panels & Various Elementary School Renovations	4/28/2009	\$19,806,000	1,160,555	10,050,070	8,595,375
Total		<u>\$19,806,000</u>	<u>1,160,555</u>	<u>10,050,070</u>	<u>8,595,375</u>

EXHIBIT F-2

**LACEY 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, 2010**

Expenditures & Other Financing Uses:	
Construction Services	<u>\$10,050,070</u>
 Total Expenditures	 <u>10,050,070</u>
 Excess/(Deficiency) of Revenues Over/(Under) Expenditures	 (10,050,070)
Fund Balance - Beginning	<u>18,645,445</u>
 Fund Balance - Ending	 <u><u>\$8,595,375</u></u>

**LACEY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF SOLAR PANELS AND ELEMENTARY SCHOOL RENOVATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant				
Bond Proceeds & Transfers	\$19,806,000		19,806,000	19,806,000
Total Revenues	19,806,000		19,806,000	19,806,000
Expenditures & Other Financing Uses:				
Construction Services	1,160,555	10,050,070	11,210,625	19,806,000
Total Expenditures	1,160,555	10,050,070	11,210,625	19,806,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	18,645,445	(10,050,070)	8,595,375	-

ADDITIONAL PROJECT INFORMATION

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/28/2009
Bonds Authorized	\$19,806,000
Bonds Issued	\$19,806,000
Original Authorized Cost	19,806,000
Additional Authorized Cost	
Revised Authorized Cost	19,806,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	56.6%
Original Target Completion Date	June 2010
Revised Target Completion Date	September 2011

G. Proprietary Funds

Enterprise Funds

**LACEY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		2010	2009
	FOOD SERVICE	COMMUNITY EDUCATION		
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$29,440	89,388	118,828	104,788
Accounts Receivable:				
State	2,328		2,328	
Federal	34,839		34,839	
Other	4,425		4,425	
Inventories	22,486		22,486	26,273
Total Current Assets	93,518	89,388	182,906	131,061
Noncurrent Assets:				
Furniture, Machinery & Equipment	323,402		323,402	323,402
Less: Accumulated Depreciation	(321,463)		(321,463)	(320,646)
Total Noncurrent Assets	1,939		1,939	2,756
Total Assets	95,457	89,388	184,845	133,817
LIABILITIES				
Cash Overdraft				3,075
Accounts Payable	40,016		40,016	
Total Liabilities	40,016		40,016	3,075
NET ASSETS				
Unrestricted Net Assets	55,441	89,388	144,829	130,742
Total Net Assets	\$55,441	89,388	144,829	130,742

**LACEY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		2010	2009
	FOOD SERVICE	COMMUNITY EDUCATION		
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$962,912		962,912	978,869
Daily Sales - Nonreimbursable Programs	26,918		26,918	17,340
Program Revenues		219,587	219,587	224,505
Trip Income		68,269	68,269	17,663
Total Operating Revenues	989,830	287,856	1,277,686	1,238,377
Operating Expenses:				
Salaries	654,583	258,882	913,465	934,067
Advertising		930	930	930
Other Purchased Services	13,131	15,572	28,703	29,993
Tickets		11,304	11,304	30,995
Supplies & Materials	63,488	15,000	78,488	54,211
Depreciation Expense	817		817	817
Cost of Sales	765,650		765,650	749,303
Miscellaneous	5,381	2,673	8,054	7,823
Total Operating Expenses	1,503,050	304,361	1,807,411	1,808,139
Operating Income/(Loss)	(513,220)	(16,505)	(529,725)	(569,762)
Nonoperating Revenues (Expenses):				
Interest Income	1,670	1,105	2,775	3,842
Miscellaneous	6,228		6,228	6,777
State Sources:				
State School Lunch Program	23,654		23,654	23,261
School Breakfast Program	2,540		2,540	1,556
Federal Sources:				
National School Lunch Program	366,419		366,419	330,299
School Breakfast Program	22,913		22,913	14,160
Special Milk Program	4,456		4,456	5,191
Food Distribution Program	114,827		114,827	81,975
Total Nonoperating Revenues/(Expenses)	542,707	1,105	543,812	467,061
Income/(Loss) Before Contributions & Transfers	29,487	(15,400)	14,087	(102,701)
Contributions & Transfers:				
Transfer to Cover Deficit				50,000
Total Contributions & Transfers				50,000
Change in Net Assets	29,487	(15,400)	14,087	(52,701)
Total Net Assets - Beginning	25,954	104,788	130,742	183,443
Total Net Assets - Ending	\$55,441	89,388	144,829	130,742

**LACEY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		2010	2009
	FOOD SERVICE	COMMUNITY EDUCATION		
Cash Flows From Operating Activities:				
Receipts from Customers	\$985,405	287,856	1,273,261	1,429,641
Payments to Employees	(654,583)	(258,882)	(913,465)	(934,067)
Payments to Suppliers	(689,020)	(45,479)	(734,499)	(796,301)
Net Cash Provided/(Used) by Operating Activities	(358,198)	(16,505)	(374,703)	(300,727)
Cash Flows From Noncapital Financing Activities:				
Interest Income	1,670	1,105	2,775	3,842
Miscellaneous	6,228		6,228	6,777
Cash Received from Board Contribution				50,000
Cash Received from Federal Reimbursements	358,949		358,949	365,195
Cash Received from State Reimbursements	23,866		23,866	26,052
Net Cash Provided/(Used) by Noncapital Financing Activities	390,713	1,105	391,818	451,866
Net Increase/(Decrease) in Cash & Cash Equivalents	32,515	(15,400)	17,115	151,139
Balances - Beginning of Year	(3,075)	104,788	101,713	(49,426)
Balances - End of Year	\$29,440	89,388	118,828	101,713
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	(\$513,220)	(16,505)	(529,725)	(569,762)
Adjustments to Reconcile Operating Income/ (Loss) to Net Cash Provided/(Used) by Operating Activities:				
Food Distribution Program	114,827		114,827	81,975
Depreciation Expense	817		817	817
Decrease/(Increase) in Interfund Receivable				191,264
Decrease/(Increase) in Other Receivables	(4,425)		(4,425)	
Decrease/(Increase) in Inventory	3,787		3,787	(3,594)
(Decrease)/Increase in Interfund Payable				(1,427)
(Decrease)/Increase in Accounts Payable	40,016		40,016	
Total Adjustments	155,022		155,022	269,035
Net Cash Provided/(Used) by Operating Activities	(358,198)	(16,505)	(374,703)	(300,727)

Internal Service Fund

Not Applicable

H. Fiduciary Funds

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE		AGENCY FUND		2010	2009
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION INSURANCE	STUDENT ACTIVITY	PAYROLL FUND		
ASSETS						
Cash & Cash Equivalents		227,677	162,102	365,012	754,791	591,061
Restricted Cash	\$10,220				10,220	10,456
Interfunds Receivable				56,439	56,439	50,235
Total Assets	10,220	227,677	162,102	421,451	821,450	651,752
LIABILITIES						
Payroll Deductions & Withholdings				418,587	418,587	89,568
Due to Student Groups			162,102		162,102	170,266
Interfunds Payable		56,439		2,864	59,303	185,716
Total Liabilities		56,439	162,102	421,451	639,992	445,550
NET ASSETS						
Reserve For:						
Held in Trust for:						
Unemployment Claims & Other Purposes		171,238			171,238	195,746
Scholarships	10,220				10,220	10,456
Total Net Assets	\$10,220	171,238	-	-	181,458	206,202

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE		2010	2009
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION TRUST		
ADDITIONS				
Contributions:				
Scholarship				
Plan Member		65,006	65,006	42,572
Total Contributions		65,006	65,006	42,572
Investment Earnings:				
Interest	\$164	1,944	2,108	3,060
Net Investment Earnings	164	1,944	2,108	3,060
Total Additions	164	66,950	67,114	45,632
DEDUCTIONS				
Scholarship	400		400	807
Unemployment Claims		91,458	91,458	50,235
Total Deductions	400	91,458	91,858	51,042
Change in Net Assets	(236)	(24,508)	(24,744)	(5,410)
Net Assets - Beginning of the Year	10,456	195,746	206,202	211,612
Net Assets - End of the Year	\$10,220	171,238	181,458	206,202

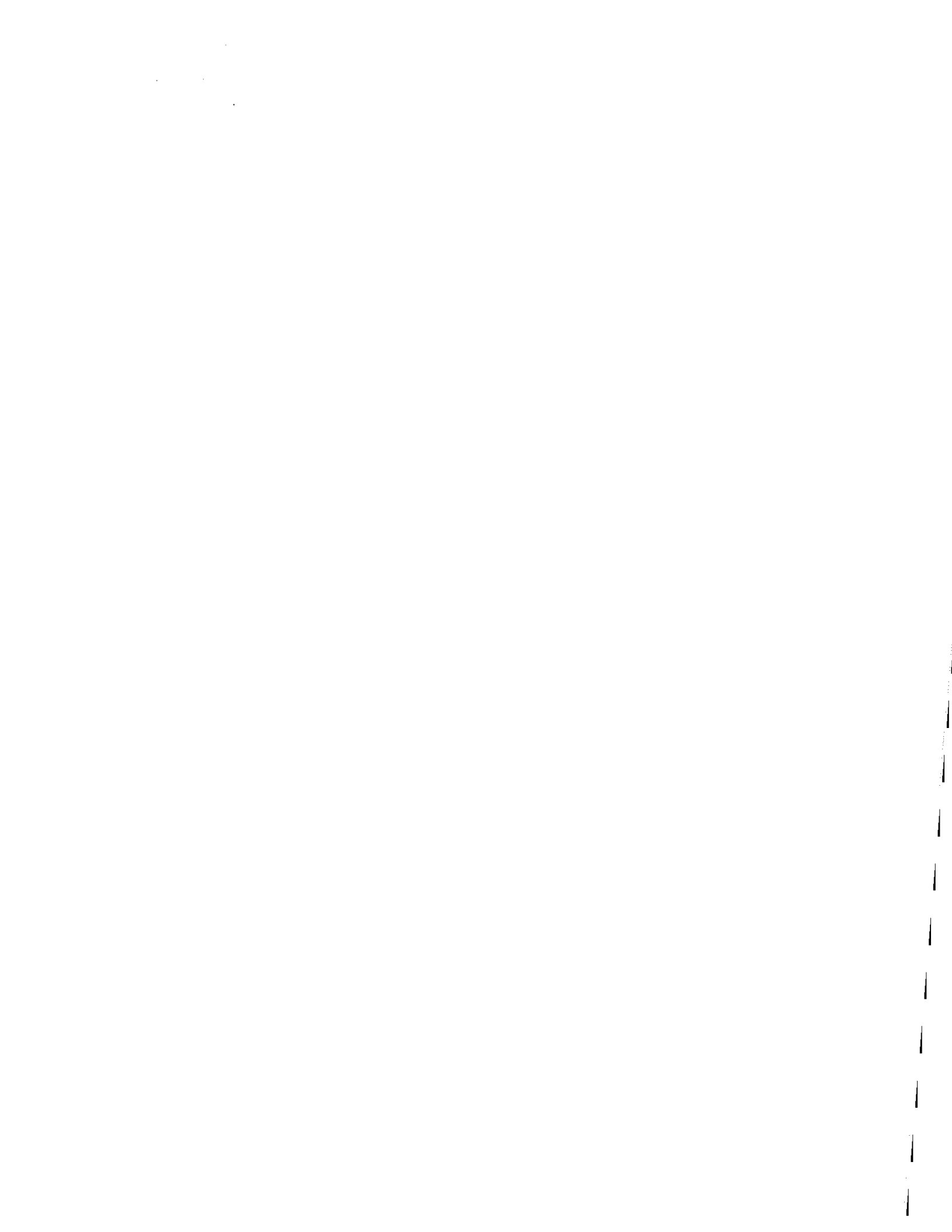
**LACEY TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	BALANCE JULY 1, 2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2010
Elementary School	\$1,371	3,564	1,935	3,000
Middle School	18,904	30,674	36,249	13,329
High School	149,991	270,425	274,643	145,773
Total All Schools	<u>\$170,266</u>	<u>304,663</u>	<u>312,827</u>	<u>162,102</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

	BALANCE JULY 1, 2009	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2010
ASSETS				
Cash & Cash Equivalents	\$174,814	54,237,369	54,047,171	365,012
Interfunds Receivable	50,235	56,439	50,235	56,439
Total Assets	<u>\$225,049</u>	<u>54,293,808</u>	<u>54,097,406</u>	<u>421,451</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$89,568	54,290,944	53,961,925	418,587
Interfunds Payable	135,481	2,864	135,481	2,864
Total Liabilities	<u>\$225,049</u>	<u>54,293,808</u>	<u>54,097,406</u>	<u>421,451</u>

I. Long-Term Debt



LACEY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2010

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2009	ISSUED	RETIRED	BALANCE JUNE 30, 2010
			DATE	AMOUNT					
Renovations, Replacements & Additions to the High School, Middle School & Elementary Schools	04/01/2001	\$24,722,000				\$200,000		200,000	
Refunding of 1996 Bond Issuance	1/25/2005	11,755,000	11/01/10	\$2,015,000	4.000%	8,330,000		1,945,000	6,385,000
			11/01/11	2,100,000	5.000%				
			11/01/12	250,000	3.250%				
			11/01/12	2,020,000	4.000%				
Refunding of 2001 Bond Issuance	2/22/2006	24,625,000	04/01/11	305,000	3.750%	24,400,000		100,000	24,300,000
			04/01/12	305,000	3.750%				
			04/01/13	310,000	3.750%				
			04/01/14	1,810,000	4.000%				
			04/01/15	1,905,000	4.000%				
			04/01/16	1,895,000	4.000%				
			04/01/17	1,885,000	4.000%				
			04/01/18	1,770,000	4.000%				
			04/01/19	1,760,000	4.125%				
			04/01/20	1,845,000	4.250%				
			04/01/21	1,835,000	4.250%				
			04/01/22	1,820,000	4.250%				
			04/01/23	1,810,000	4.500%				
			04/01/24	1,700,000	4.500%				
			04/01/25	1,690,000	4.500%				
			04/01/26	1,655,000	4.500%				

LACEY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2010

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	ISSUED	RETIRED	BALANCE
			DATE	AMOUNT		JUNE 30, 2009			JUNE 30, 2010
Installation of Solar Panels and Various Elementary School Renovations	4/28/2009	19,806,000	1/15/11	331,000	3.000%	19,806,000			19,806,000
			1/15/12	875,000	3.000%				
			1/15/13	750,000	3.000%				
			1/15/14	985,000	3.000%				
			1/15/15	850,000	3.000%				
			1/15/16	850,000	3.250%				
			1/15/17	850,000	3.250%				
			1/15/18	1,125,000	3.250%				
			1/15/19	1,170,000	3.250%				
			1/15/20	1,165,000	3.250%				
			1/15/21	1,265,000	3.250%				
			1/15/22	1,315,000	3.500%				
			1/15/23	1,370,000	3.500%				
			1/15/24	1,425,000	3.750%				
			1/15/25	1,480,000	3.875%				
			1/15/26	700,000	4.000%				
			1/15/27	700,000	4.000%				
			1/15/28	800,000	4.125%				
			1/15/29	900,000	4.250%				
			1/15/30	900,000	4.250%				
					Total	\$52,736,000	2,245,000	50,491,000	

**LACEY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SERIES	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2009	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2010
School Buses	193,260	\$40,751		40,751	
School Buses	110,176	38,300		38,300	
Computer Equipment	347,854	164,099		89,163	74,936
School Buses	243,051		243,051	52,884	190,167
Total		\$243,150	243,051	221,098	265,103

**LACEY TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2008				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$2,788,058		2,788,058	2,788,058		2,800,396		2,800,396	2,800,396	
State Sources:										
Debt Service Aid Type II	797,367		797,367	797,367		797,004		797,004	797,004	
Total Revenues	3,585,425		3,585,425	3,585,425		3,597,400		3,597,400	3,597,400	
Expenditures:										
Regular Debt Service:										
Interest	1,340,425		1,340,425	1,340,425		1,412,400		1,412,400	1,412,400	
Redemption of Principal	2,245,000		2,245,000	2,245,000		2,185,000		2,185,000	2,185,000	
Total Regular Debt Service	3,585,425		3,585,425	3,585,425		3,597,400		3,597,400	3,597,400	
Total Expenditures	3,585,425		3,585,425	3,585,425		3,597,400		3,597,400	3,597,400	
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures										
Fund Balance, July 1										
Fund Balance, June 30	\$ -	-	-	-	-	-	-	-	-	-

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STATISTICAL SECTION (Unaudited)

LACEY TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	\$4,972,940	(6,037,951)	12,406,334	14,462,541	13,115,794	16,559,630	14,700,745
Restricted	10,657,836	21,428,794	2,205,352	968,901	1,223,357	2,072,903	2,726,815
Unrestricted	(4,746,812)	(4,316,450)	(2,672,187)	(1,674,402)	(571,752)	(4,518,101)	(2,933,745)
Total Governmental Activities Net Assets	\$10,883,964	11,074,393	11,939,499	13,757,040	13,767,399	14,114,432	14,493,815
Business-Type Activities							
Unrestricted	\$144,829	130,742	183,443	138,320	158,346	147,997	(295,392)
Total Business-Type Activities Net Assets	\$144,829	130,742	183,443	138,320	158,346	147,997	(295,392)
District-Wide							
Invested in Capital Assets, Net of Related Debt	\$4,972,940	(6,037,951)	12,406,334	14,462,541	13,115,794	16,559,630	14,700,745
Restricted	10,657,836	21,428,794	2,205,352	968,901	1,223,357	2,072,903	2,726,815
Unrestricted	(4,601,983)	(4,185,708)	(2,488,744)	(1,536,082)	(413,406)	(4,370,104)	(3,229,137)
Total District Net Assets	\$11,028,793	11,205,135	12,122,942	13,895,360	13,925,745	14,262,429	14,198,423

**LACEY TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Expenses:							
Governmental Activities							
Instruction:							
Regular	\$23,301,900	22,775,378	21,069,758	19,952,651	19,933,030	19,512,581	19,041,211
Special Education	5,799,390	5,442,477	5,196,187	4,727,849	4,495,758	4,110,585	3,469,490
Other Special Education	1,455,353	1,408,180	1,343,013	1,223,343	1,188,432	1,152,704	1,048,671
Support Services:							
Tuition	1,545,010	1,285,374	1,260,773	1,062,343	1,111,777	818,791	834,416
Student & Instruction Related Services							
General Administrative Services	6,010,560	5,660,586	5,391,509	5,377,453	5,650,442	5,390,229	4,973,248
School Administrative Services	1,255,437	1,235,349	1,120,088	1,183,579	1,162,361	1,152,797	1,058,798
Central Services	1,438,819	1,424,257	1,455,554	1,417,815	1,438,888	1,462,312	1,320,312
Plant Operations & Maintenance	515,023	504,963	452,327	431,576	416,955	400,468	
Pupil Transportation	5,535,596	5,630,773	5,454,230	5,285,057	5,069,342	4,872,729	4,443,051
Business & Other Support Services	2,448,582	2,491,549	2,427,506	2,233,460	2,027,159	1,980,035	1,692,815
						6,986	371,960
On Behalf-Nonbudgeted Expenditures							
Unallocated Employee Benefit/Compensation Absences	3,845,322	3,698,021	5,054,045	4,802,258	3,018,269	2,526,146	2,329,389
Interest on Long-Term Debt	11,733,576	11,396,320	12,995,861	12,238,753	11,035,533	10,461,012	9,483,284
Unallocated Amortization	1,872,412	1,641,437	1,479,852	1,639,666	1,116,628	1,923,762	2,137,320
Unallocated Revaluation Loss	193,956	193,956	193,957	193,957	182,486		
Unallocated Depreciation	(198,049)	160,079	2,036,435				
	1,924,170	2,492,389	2,259,730	2,168,212	2,254,418	2,233,728	2,075,098
Total Governmental Activities Expenses	68,677,057	67,441,088	69,190,825	63,937,972	60,101,478	58,004,865	54,279,063
Business-Type Activities:							
Food Service	1,503,050	1,494,472	1,499,835	1,479,695	1,434,492	1,386,793	1,554,994
Community Education	304,361	313,667	301,437	349,394	327,171	328,311	
Total Business-Type Activities Expense	1,807,411	1,808,139	1,801,272	1,829,089	1,761,663	1,715,104	1,554,994
Total District Expenses	\$70,484,468	69,249,227	70,992,097	65,767,061	61,863,141	59,719,969	55,834,057
Program Revenues:							
Governmental Activities:							
Operating Grants & Contributions	\$5,699,983	5,772,404	7,296,842	6,683,240	4,825,977	5,214,683	4,210,615
Total Governmental Activities Program Revenues	5,699,983	5,772,404	7,296,842	6,683,240	4,825,977	5,214,683	4,210,615
Business-Type Activities:							
Charges for Services:							
Food Service	989,830	996,209	1,018,195	1,077,385	1,060,929	1,028,622	979,375
Community Education	287,856	242,168	321,296	322,074	314,211	313,054	292,113
Operating Grants & Contributions	543,812	467,061	456,904	409,604	396,872	362,817	304,551
Total Business Type Activities Program Revenues	1,821,498	1,705,438	1,796,395	1,809,063	1,772,012	1,704,493	1,576,039
Total District Program Revenues	\$7,521,481	7,477,842	9,093,237	8,492,303	6,597,989	6,919,176	5,786,654

**LACEY TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue:							
Governmental Activities	(\$62,977,074)	(61,668,684)	(61,893,983)	(57,254,732)	(55,275,501)	(52,790,182)	(50,068,448)
Business-Type Activities	14,087	(102,701)	(4,877)	(20,026)	10,349	(10,611)	21,045
Total District-Wide Net Expense	(\$62,962,987)	(61,771,385)	(61,898,860)	(57,274,758)	(55,265,152)	(52,800,793)	(50,047,403)
General Revenues & Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$37,029,824	35,639,904	36,892,463	34,814,214	32,247,654	30,687,719	28,041,603
Taxes Levied for Debt Service	2,788,058	2,800,396	2,756,498	2,143,562	2,563,729	2,664,524	2,767,564
Unrestricted Grants & Contribution:	22,643,277	22,121,965	19,959,416	19,676,342	19,837,944	18,989,491	19,330,493
Tuition	22,585	17,484	55,754	193,321	103,891	144,659	
Investment Earnings	158,454	112,589	147,900	201,967		222,575	8,401
Miscellaneous Income	72,980	89,773	242,944	143,499	262,616	155,831	97,883
Amortization of Bond Premium	71,467	71,467	71,467	71,468	70,412		
Transfers		(50,000)	(50,000)			(454,000)	
Total Governmental Activities	62,786,645	60,803,578	60,076,442	57,244,373	55,086,246	52,410,799	50,245,944
Business-Type Activities:							
Investment Earnings							5,481
Transfers		50,000	50,000			454,000	
Total Business-Type Activities		50,000	50,000			454,000	5,481
Total District-Wide	\$62,786,645	60,853,578	60,126,442	57,244,373	55,086,246	52,864,799	50,251,425
Change in Net Assets:							
Governmental Activities	(\$190,429)	(865,106)	(1,817,541)	(10,359)	(189,255)	(379,383)	177,496
Business-Type Activities	14,087	(52,701)	45,123	(20,026)	10,349	443,389	26,526
Total District	(\$176,342)	(917,807)	(1,772,418)	(30,385)	(178,906)	64,006	204,022

**LACEY TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
General Fund:							
Reserved	\$983,462	473,765	177,982	133,986	811,667	1,384,338	1,038,091
Unreserved	(277,953)	1,371,659	2,210,291	1,253,729	(55,923)	86,443	463,289
Total General Fund	\$705,509	1,845,424	2,388,273	1,387,715	755,744	1,470,781	1,501,380
All Other Governmental Funds:							
Reserved	\$402,359	254,491		28,240	628,669	749,819	1,417,474
Unreserved, Reported in:							
Special Revenue Fund			(8,268)	(2,201)	(6,270)	(8,268)	(8,268)
Capital Projects Fund	8,193,016	18,390,954		93,225	118,449	189,451	705,889
Debt Service Fund					28,240	236,049	(1,625)
Total All Other Governmental Funds	\$8,595,375	18,645,445	(8,268)	119,264	769,088	1,167,051	2,113,470

LACEY TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Tax Levy	\$39,817,882	38,440,300	39,648,961	36,957,776	34,811,383	33,352,243	30,809,167
Tuition Charges	22,585	17,484	55,754	193,321	103,891	144,659	127,735
Interest Earnings	158,454	112,589	147,900	201,967	112,589	89,797	8,401
Miscellaneous	192,085	163,457	257,071	143,499	262,616	155,831	97,883
State Sources	22,958,117	26,098,631	25,609,112	24,704,285	23,021,550	22,480,433	21,735,699
Federal Sources	5,266,038	1,722,054	1,647,146	1,655,297	1,642,371	1,723,742	1,677,674
Total Revenue	68,415,161	66,554,515	67,365,944	63,856,145	59,954,400	57,946,705	54,456,559
Expenditures:							
Instruction:							
Regular Instruction	23,301,900	22,775,378	21,069,758	19,952,651	19,933,030	19,512,581	19,041,211
Special Education Instruction	5,799,390	5,442,477	5,196,187	4,727,849	4,495,758	4,110,585	3,469,490
Other Special Instruction	1,455,353	1,408,180	1,343,013	1,223,343	1,188,432	1,152,704	1,048,671
Support Services:							
Instruction	1,545,010	1,285,374	1,260,773	1,062,343	1,111,777	818,791	834,416
Attendance & Social Work Services	225,678	207,893	193,604	181,577	187,792	178,929	171,249
Health Services	599,143	573,725	536,471	532,282	536,247	509,337	489,461
Other Support Services	4,480,466	4,185,419	4,066,316	4,013,246	4,234,232	4,048,733	3,634,219
Educational Media Services/School Library	651,038	632,666	560,456	610,631	644,636	621,653	648,239
Instructional Staff Training	54,235	60,883	34,662	39,717	47,535	31,577	30,080
General Administrative Services	1,255,437	1,235,349	1,120,088	1,183,579	1,162,361	1,152,796	1,058,798
School Administrative Services	1,438,819	1,424,257	1,455,554	1,417,815	1,438,888	1,462,312	1,320,312
Central Services	515,023	504,963	452,327	431,576	416,955	400,468	
Allowed Maintenance for School Facilities	1,566,900	318,700	264,220	189,266	233,958	363,428	244,936
Other Operation & Maintenance of Plant	3,968,696	5,312,073	5,190,010	5,095,791	4,835,384	4,509,301	4,198,115
Pupil Transportation	2,448,582	2,491,549	2,427,506	2,233,460	2,027,159	1,980,035	1,692,815
Business & Other Support Services						6,986	371,960
Unallocated Employee Benefits	12,376,717	11,396,320	12,472,167	12,182,168	11,300,027	10,315,726	9,074,072
Nonbudgeted Expenditures	3,845,322	3,698,021	5,054,045	4,802,258	3,018,269	2,526,146	2,329,389
Debt Service:							
Principal	2,245,000	2,185,000	1,905,000	1,917,000	1,795,000	1,380,000	1,480,000
Interest & Other Charges	1,340,425	1,412,400	1,491,675	1,656,562	1,239,714	1,870,021	2,146,497
Capital Outlay	10,735,063	1,649,024	807,115	420,884	1,300,917	2,122,098	4,967,379
Total Expenditures	79,848,197	68,199,651	66,900,947	63,873,998	61,148,071	59,074,207	58,251,309
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(11,433,036)	(1,645,136)	464,997	(17,853)	(1,193,671)	(1,127,502)	(3,794,750)
Other Financing Sources/(Uses):							
Proceeds from Bond Issuance		19,806,000					
Proceeds from Capital Leases	243,051		458,030		193,260	604,486	
Transfers in						17,635	8,401
Transfers Out		(50,000)	(50,000)			(471,635)	(8,401)
Total Other Financing Sources/(Uses)	243,051	19,756,000	408,030		193,260	150,486	
Net Change in Fund Balances	(\$11,189,985)	18,110,864	873,027	(17,853)	(1,000,411)	(977,016)	(3,794,750)
Debt Service as a Percentage of Noncapital Expenditures	5.2%	5.4%	5.1%	5.6%	5.1%	5.7%	6.8%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	TELEPHONE COMMISSIONS	SALE OF EQUIPMENT	JOINT TRANSPORTATION	USE OF FACILITIES	PRIOR YEAR REFUNDS	STUDENT FINES/LOST TEXTBOOKS	MISCELLANEOUS	TOTAL
2010		3,325	7,964	16,309	7,388	4,873	33,121	72,980
2009		9	3,571	20,446	4,554	4,446	56,747	89,773
2008		2,457	3,651	45,443	237	6,680	67,310	125,778
2007		186	1,906	13,438	4,269	6,122	515	26,436
2006		499	3,176	24,419	433	3,934	204,742	237,203
2005				21,613	7,071	4,420	122,727	155,831
2004				12,873	6,227	4,023	74,760	97,883
2003				8,500		2,250	209,195	219,945
2002	\$112			2,600	2,196	1,106	62,047	68,061
2001	274			9,339	12,031	1,984	45,880	69,508
Total	\$386	6,476	20,268	174,980	44,406	39,838	877,044	1,163,398

Source: District Records

**LACEY TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST NINE FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2010	\$145,748,200	3,608,130,300	3,742,800	946,100	303,242,600	223,661,100	5,172,700	4,290,643,800	8,008,576	4,298,652,376	0.926	4,445,884,025
2009	38,150,700	1,522,697,000	1,485,700	914,300	135,219,600	66,638,700	2,143,500	1,767,249,500	1,919,933	1,769,169,433	2.173	4,421,896,274
2008	42,485,300	1,503,942,000	1,526,600	914,900	126,610,300	65,983,700	1,719,300	1,743,182,100	2,938,874	1,746,120,974	2.271	4,186,989,695
2007	43,873,700	1,480,007,500	1,604,500	848,500	124,644,200	65,312,100	1,295,000	1,717,585,500	3,218,580	1,720,804,080	2.271	4,186,989,695
2006	43,873,700	1,480,007,500	1,604,500	848,500	124,644,200	65,312,100	1,295,000	1,717,585,500	3,218,580	1,720,804,080	2.147	3,622,409,394
2005	46,132,800	1,448,942,600	1,943,100	849,900	123,632,100	64,705,600	N/A	1,686,206,100	4,090,393	1,690,296,493	2.059	3,027,080,546
2004	48,773,100	1,420,574,700	1,845,300	851,100	123,172,800	64,704,800	N/A	1,659,921,800	4,827,500	1,664,749,300	2.003	2,567,648,005
2003	50,326,800	1,397,698,700	1,331,600	765,100	121,271,700	64,704,800	N/A	1,636,098,700	5,805,987	1,641,904,687	1.877	2,186,043,916
2002	57,391,200	1,365,888,500	1,331,600	765,200	117,582,300	64,698,500	N/A	1,607,657,300	6,219,586	1,613,876,886	1.675	1,927,344,578

Revaluation in 2010

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

LACEY TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	TOTAL DIRECT	TOWNSHIP	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
			OF LACEY				
2010	0.926	0.926	0.166	0.264	0.031	0.012	0.473
2009	2.173	2.173	0.348	0.635	0.075	0.030	3.261
2008	2.271	2.271	0.299	0.613	0.073	0.029	3.285
2007	2.271	2.271	0.299	0.613	0.073	0.029	3.285
2006	2.147	2.147	0.265	0.621	0.064	0.026	3.123
2005	2.059	2.059	0.233	0.602	0.061	0.021	2.976
2004	2.003	2.003	0.203	0.583	0.060	0.019	2.868
2003	1.877	1.877	0.194	0.571	0.058	0.016	2.716
2002	1.675	1.675	0.174	0.561	0.055	0.014	2.479
2001	1.516	1.516	0.144	0.548	0.052	0.014	2.274

Source: Abstract of Ratables/Municipal Tax Assessor.

**LACEY TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2010			2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Exelon (Amergen Energy) Co	\$145,292,204	1	3.380%	\$59,020,500	1	3.710%
PR Lacey LLC	50,091,100	2	1.165%			
JCP & L	32,298,600	3	0.750%	22,827,800	2	1.440%
Toll Land XI, LP	30,581,600	4	0.710%			
Piedmont Associates	21,200,000	5	0.490%	6,795,600	4	0.430%
NJ Bell/Verizon	10,601,376	6	0.250%	7,486,803	3	0.470%
Forked River Power, LLC	7,554,000	7	0.180%			
WaWa, Inc	6,789,900	8	0.160%			
Taxpayer #1	6,734,100	9	0.160%	2,838,400	6	0.180%
Fiedlcrest, LLC	5,484,600	10	0.130%			
Taxpayer #2				2,010,000	8	0.130%
Geriatric & Medical Services				4,727,600	5	0.300%
Taxpayer #3				1,941,400	9	0.120%
Taxpayer #4				1,906,100	10	0.120%
Lacey Holding & Ocean View				2,232,500	7	0.140%
Total	<u>\$316,627,480</u>		<u>7.375%</u>	<u>111,786,703</u>		<u>7.040%</u>

Source: Municipal Tax Assessor

**LACEY 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	PERCENTAGE OF LEVY	
2010	\$39,817,882	39,817,882	100.00%	N/A
2009	38,440,300	32,500,316	84.55%	N/A
2008	39,648,961	39,648,961	100.00%	N/A
2007	36,957,776	36,957,776	100.00%	N/A
2006	34,811,383	34,811,383	100.00%	N/A
2005	33,352,243	33,352,243	100.00%	N/A
2004	30,809,167	30,809,167	100.00%	N/A
2003	27,041,861	27,041,861	100.00%	N/A
2002	24,103,253	24,103,253	100.00%	N/A
2001	22,250,600	22,250,600	100.00%	N/A

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	<u>GOVERNMENTAL ACTIVITIES</u>			PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT		
2010	\$50,491,000	265,103	60,756,103	N/A	N/A
2009	52,736,000	243,150	52,979,150	N/A	1,994
2008	35,115,000	443,319	35,558,319	N/A	1,348
2007	37,030,000	219,788	37,249,788	3.81%	1,417
2006	38,937,000	370,685	39,307,685	4.18%	1,499
2005	37,817,000	400,999	38,217,999	4.31%	1,462
2004	40,392,000	N/A	40,392,000	4.69%	1,544
2003	41,992,000	N/A	41,992,000	4.94%	1,599
2002	43,302,000	N/A	43,302,000	5.19%	1,655
2001	44,764,000	N/A	44,764,000	5.56%	1,744

**LACEY TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2010	\$50,491,000		50,491,000	1.18%	N/A
2009	52,736,000		52,736,000	2.98%	1,985
2008	35,115,000		35,115,000	2.01%	1,331
2007	37,020,000		37,020,000	2.15%	1,408
2006	38,937,000		38,937,000	2.26%	1,485
2005	37,817,000		37,817,000	2.24%	1,446
2004	40,392,000		40,392,000	2.43%	1,544
2003	41,992,000		41,992,000	2.56%	1,599
2002	43,302,000		43,302,000	2.68%	1,655
2001	44,764,000		44,764,000	N/A	1,744

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Lacey Township	\$17,637,961	100.000%	\$17,637,961
County of Ocean General Obligation Debt	425,924,510	4.000%	<u>17,036,980</u>
Subtotal, Overlapping Debt			34,674,941
Lacey Township School District Direct Debt			<u>50,491,000</u>
Total Direct & Overlapping Debt			<u><u>\$85,165,941</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Ocean Cty Bd of Taxation.

**LACEY TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PER CAPITA	
		PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2010	N/A	N/A	N/A
2009	26,566	N/A	10.10%
2008	26,381	N/A	6.30%
2007	26,289	37,228	5.40%
2006	26,216	35,856	4.20%
2005	26,147	33,910	4.90%
2004	26,153	32,964	4.60%
2003	26,254	32,350	5.10%
2002	26,165	31,889	5.90%
2001	25,668	31,381	5.60%

Source:

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

^b Per Capita provided by the NJ Dept of Labor and Workforce Development

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

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

NOT AVAILABLE

**LACEY TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FIVE FISCAL YEARS**

Function/Program	2010	2009	2008	2007	2006
Instruction:					
Regular	325	323	319	327	311
Special Education	114	104	125	112	117
Other Instruction	6	4	2	4	1
Support Services:					
Student & Instruction Related Services	85	82	82	80	81
School Administrative Services	17	19	19	21	20
General & Business Administrative Services	17	17	16	14	15
Plant Operations & Maintenance	69	69	67	68	68
Pupil Transportation	43	45	42	43	43
Total	676	663	672	669	656

Source: District Personnel Records

LACEY TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2010	4,773	\$65,527,709	13,729	7.49%	359	11:1	12:1	11:1	4,719	4,379	-0.49%	92.80%
2009	4,789	62,953,227	13,145	2.92%	N/A	11:1	12:1	10:1	4,742	4,472	-3.12%	94.30%
2008	4,909	62,697,157	12,772	5.54%	378	13:1	14:1	13:1	4,890	4,544	N/A	92.90%
2007	4,948	59,879,552	12,102	4.46%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	4,904	56,812,440	11,585	7.43%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	4,980	53,702,090	10,784	9.40%	419	11:1	12:1	11:1	4,980	4,658	-1.16%	93.54%
2004	5,038	49,657,433	9,857	8.32%	416	13:1	14:1	12:1	5,038	4,686	0.01%	93.01%
2003	5,038	45,841,981	9,099	N/A	406	13:1	15:1	12:1	5,038	4,695	1.77%	93.20%
2002	4,950	N/A	N/A	N/A	417	15:1	16:1	13:1	4,950	4,620	2.50%	93.33%
2001	4,870	N/A	N/A	N/A	431	13:1	13:1	11:1	4,830	4,493	2.87%	93.02%

Sources: District records

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEAR**

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005
Elementary Schools:						
Forked River Elementary (1959):						
Square Feet	45800	45800	45,800	45,800	45,800	45,800
Capacity (Students)	675	675	675	675	675	675
Enrollment	528	501	538	575	562	568
Lanoka Harbor Elementary (1969):						
Square Feet	51630	51630	51,630	51,630	51,630	51,630
Capacity (Students)	750	750	750	750	750	750
Enrollment (a)	607	606	632	676	659	681
Cedar Creek Elementary (1990):						
Square Feet	64420	64420	64,420	64,420	64,420	64,420
Capacity (Students)	700	700	700	700	700	700
Enrollment	613	647	609	628	591	590
Mill Pond Elementary (1980):						
Square Feet	100250	100250	100,250	100,250	100,250	100,250
Capacity (Students)	975	975	975	975	975	975
Enrollment	758	772	772	771	809	835
Lacey Twp Middle School (2000) :						
Square Feet	105335	105335	105,335	105,335	105,335	105,335
Capacity (Students)	900	900	900	900	900	900
Enrollment	763	756	775	803	831	811
Lacey Twp High School (1981):						
Square Feet	276175	276175	276,175	276,175	276,175	276,175
Capacity (Students)	1600	1600	1,600	1,600	1,600	1,600
Enrollment	1,504	1,507	1,583	1,563	1,559	1,494
Other Buidlings:						
Board Office (1989):						
Square Feet	5000	5000	5,000	5,000	5,000	5,000
Grounds Dept (1995) (b):						
Square Feet	8960	8960	8,960	8,960	8,960	8,960
Number of Schools at June 30, 2010:						
Elementary = 4						
Middle School = 1						
Senior High School = 1						
Other = 2						

Source: District Facilities Office

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
1-000-261-xxx

*	LACEY TWP HIGH SCHOOL	LACEY TWP MIDDLE SCHOOL	MILL POND ELEM	CEDAR CREEK ELEM	LANOKA HARBOR ELEM	FORKED RIVER ELEM	TOTAL
2010	\$365,855	264,228	312,107	187,114	219,024	218,572	1,566,900
2009	81,672	57,229	53,750	35,265	37,389	43,634	308,939
2008	78,189	42,726	40,572	38,463	31,565	32,243	263,758
2007	75,798	25,628	27,824	16,951	13,360	27,692	187,253
2006	72,726	48,223	32,922	22,987	29,440	27,659	233,957
2005	91,770	58,635	62,049	49,624	53,240	48,110	363,428
2004	71,439	55,031	34,146	24,788	33,463	26,069	244,936
2003	56,526	39,729	38,583	24,208	25,120	17,889	202,055
2002	92,963	40,704	30,381	42,225	32,392	32,390	271,055
2001	62,686	49,151	50,617	48,673	70,468	32,678	314,273
Total School Facilities	\$1,049,624	681,284	682,951	490,298	545,461	506,936	3,956,554

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

Source: District records M-1 Report

**LACEY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010**

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)	\$153,639,968	5,000
Equipment Breakdown	100,000,000	5,000
Computers - EDP Blanket	1,680,000	1,000
General Automobile Liability	16,000,000	1,000
Employee Benefit Liability	16,000,000	1,000
Crime - Employee Dishonesty	100,000	500
School Leaders Errors & Omissions	16,000,000	
Workers' Compensation: Employers Liability	2,000,000	
Surety Bonds:		
Treasurer	320,750	1,000
Board Secretary	10,000	500
Excess Liability:		
Excess Liability over the above underlying Liability Limits	16,000,000	
Student Accident Insurance (2)	1,000,000	

(1) New Jersey School Boards Assoc Insurance Group

(2) Bollinger

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

**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**

Honorable President and Members
of the Board of Education
Lacey Township
County of Ocean
Lanoka Harbor, New Jersey 08734-0605

We have audited the financial statements of the Board of Education of the Lacey Township School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting that is reported as Finding No: 2010-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

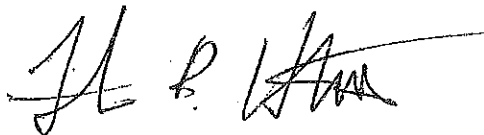
As part of obtaining reasonable assurance about whether the Lacey Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and is reported as Finding No: 2010-01.

We noted certain matters that we reported to management in a separate *Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance* dated October 19, 2010.

This report is intended solely for the information of the audit committee, management, the Lacey 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'F. B. Holman, III', with a long horizontal flourish extending to the right.

Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

Toms River, New Jersey
October 19, 2010



Certified Public Accountants & Consultants

EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Lacey Township
County of Ocean
Lanoka Harbor, New Jersey 08734-0605

Compliance

We have audited the compliance of the Lacey Township School District, in the County of Ocean, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board of Education of the Lacey Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Board of Education of the Lacey Township School District's management. Our responsibility is to express an opinion on the Board of Education of the Lacey Township School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Lacey Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board of Education of the Lacey Township School District's compliance with those requirements.

In our opinion, the Board of Education of the Lacey Township School District, County of Ocean, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal or state programs for the year ended June 30, 2010.

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Internal Control Over Compliance

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

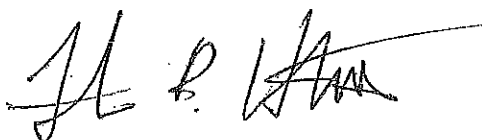
A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and 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 for the information of the management of the Board of Education of the Lacey Township School District, the New Jersey State Department of Education, 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

Toms River, New Jersey
October 19, 2010

LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2009	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2010	DUE TO GRANTOR JUNE 30, 2010
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Enterprise Fund:									
Food Distribution Program	10.550	\$114,827	9/1/09-6/30/10			114,827	(114,827)		
National School Lunch Program	10.555	366,419	9/1/09-6/30/10			334,942	(366,419)	(31,477)	
National School Breakfast Program	10.553	22,913	9/1/09-6/30/10			19,921	(22,913)	(2,992)	
School Milk Program	10.556	4,456	9/1/09-6/30/10			4,086	(4,456)	(370)	
Total Enterprise Fund						473,776	(508,615)	(34,839)	
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
General Fund:									
Medical Assistance Program (SEMI)	93.778	5,686	9/1/09-8/31/10			5,686	(5,686)		
ARRA - SFSF- ESF (Educ. State Grants)	84.394	3,276,885	9/1/09-8/31/11			3,276,885	(3,276,885)		
ARRA - SFSF- GSF (Government Services)	84.397	126,853	9/1/09-8/31/11			126,853	(126,853)		
Total General Fund						3,409,424	(3,409,424)		
Special Revenue Fund:									
I.D.E.A. Part B Preschool	84.173	32,882	9/1/09-8/31/10			32,882	(32,882)		
I.D.E.A. Part B, Basic Regular	84.027	1,049,588	9/1/09-8/31/10		(18,731)	1,019,404	(1,029,668)	(28,995)	
I.D.E.A. Part B, Basic Regular	84.027	1,038,903	9/1/08-8/31/09	(\$18,731)	18,731				
I.D.E.A. Part B, Basic ARRA	84.391	1,067,294	9/1/09-8/31/11			73,479	(169,577)	(96,098)	
I.D.E.A. Part B, Preschool ARRA	84.392	38,543	9/1/09-8/31/11			867	(6,282)	(5,415)	
Perkins Grant - Secondary	84.038	25,526	9/1/09-8/31/10			24,155	(25,526)	(1,371)	
N.C.L.B. Title I	84.010	415,425	9/1/09-8/31/10		(109,880)	415,463	(385,522)	(79,939)	
N.C.L.B. Title I	84.010	391,239	9/1/08-8/31/09	(109,880)	109,880				
N.C.L.B. Title I SIA	84.010	14,302	9/1/09-8/31/10		(3,595)	17,897	(14,302)		
N.C.L.B. Title I SIA	84.010	17,897	9/1/08-8/31/09	(3,595)	3,595				
N.C.L.B. Title I - ARRA	84.389	278,559	9/1/09-8/31/10			90,901	(115,395)	(24,494)	
N.C.L.B. Title I SIA - ARRA	84.389	14,163	9/1/09-8/31/10			6,901	(13,176)	(6,275)	
N.C.L.B. Title II - Part A	84.186A	213,010	9/1/09-8/31/10		(29,464)	152,731	(139,523)	(16,256)	
N.C.L.B. Title II - Part A	84.186A	159,057	9/1/08-8/31/09	(29,464)	29,464				
N.C.L.B. Title II - Part D	84.186D	6,397	9/1/09-8/31/10		(776)	3,874	(4,422)	(1,324)	
N.C.L.B. Title II - Part D	84.186D	3,249	9/1/08-8/31/09	(776)	776				
N.C.L.B. Title III	84.365A	11,974	9/1/08-8/31/09	(3,962)		6,160	(2,198)		
N.C.L.B. Title III - Immigrant	84.365	6,768	9/1/08-8/31/09	2,442		1,327	(3,769)		
N.C.L.B. Title IV - Safe & Drug Free Schools & Communities	84.184	14,202	9/1/09-8/31/10		(5,124)	15,004	(11,295)	(1,415)	
N.C.L.B. Title IV - Safe & Drug Free Schools & Communities	84.184	11,903	9/1/08-8/31/09	(5,124)	5,124				
Total Special Revenue Fund						1,861,045	(1,953,537)	(261,582)	
Total Federal Financial Assistance				(\$169,090)	-	5,744,245	(5,871,576)	(296,421)	

LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE			(ACCOUNTS RECEIVABLE) AT JUNE 30, 2010	MEMO		
				AT JUNE 30, 2009	CASH RECEIVED	BUDGETARY EXPENDITURES		BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:										
General Fund:										
Equalization Aid	10-495-034-5120-078	\$14,813,398	7/1/09-6/30/10		14,813,398	(14,813,398)		1,890,017	14,813,398	
Transportation Aid	10-495-034-5120-014	739,005	7/1/09-6/30/10		739,005	(739,005)		90,270	739,005	
Special Education Aid	10-495-034-5120-089	2,405,683	7/1/09-6/30/10		2,405,683	(2,405,683)		239,589	2,405,683	
Security Aid	10-495-034-5120-084	287,467	7/1/09-6/30/10		287,467	(287,467)		42,533	287,467	
Extraordinary Aid	10-495-034-5120-473	138,802	7/1/09-6/30/10			(138,802)	(138,802)		138,802	
Extraordinary Aid	09-495-034-5120-473	173,519	7/1/08-6/30/09	(\$173,519)	173,519					
Nonpublic Transportation Aid	10-495-034-5120-015	1,691	7/1/09-6/30/10			(1,691)	(1,691)		1,691	
Nonpublic Transportation Aid	09-495-034-5120-015	1,566	7/1/08-6/30/09	(1,566)	1,566					
On-Behalf TPAF Pension Contribution	10-495-034-5095-006	1,765,635	7/1/09-6/30/10		1,765,635	(1,765,635)			1,765,635	
TPAF Social Security Contributions	10-495-034-5095-002	2,079,687	7/1/09-6/30/10		1,976,551	(2,079,687)	(103,136)		2,079,687	
TPAF Social Security Contributions	09-495-034-5095-002	2,003,904	7/1/08-6/30/09	(99,553)	99,553					
Total General Fund					(274,638)	22,262,377	(22,231,368)	(243,629)	2,262,409	22,231,368
Special Revenue Fund:										
Governor's Initiative Enhance & Extend	09-100-034-5065-090	195,608	7/1/08-6/30/09	(24,548)	24,548					
Total Special Revenue Fund					(24,548)	24,548				
Debt Service Fund:										
Debt Service Aid Type II	10-495-034-5120-125	797,367	7/1/09-6/30/10		797,367	(797,367)			797,367	
Total Debt Service Fund						797,367	(797,367)			797,367
Enterprise Fund:										
National School Lunch Program (State Share)	10-100-010-3350-023	23,654	7/1/09-6/30/10		21,647	(23,654)	(2,007)		23,654	
Breakfast Program	10-100-010-3350-021	2,540	7/1/09-6/30/10		2,219	(2,540)	(321)		2,540	
Total Enterprise Fund					23,866	(26,194)	(2,328)			26,194
Total State Financial Assistance					(\$299,186)	23,108,158	(23,054,929)	(245,957)	2,262,409	23,054,929

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**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

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 of the Lacey Township School District. The School District is defined in Note 1 to the District'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 schedule of expenditures of federal awards and state financial assistance.

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 basis of accounting are described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(70,618) for the general fund and \$(90,578) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

3. Relationship to Basic Financial Statements (continued):

	Federal	State	Total
General Fund	\$3,409,424	\$22,160,750	\$25,570,174
Special Revenue Fund	1,856,614		1,856,614
Debt Service Fund		797,367	797,367
Food Service Fund	<u>508,615</u>	<u>26,194</u>	<u>534,809</u>
Total Financial Assistance	<u>\$5,774,653</u>	<u>\$22,984,311</u>	<u>\$28,758,964</u>

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.

5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. 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, 2010.

6. Federal and State Loans Outstanding

The Lacey Township School District had no loan balances outstanding at June 30, 2010.

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	No Child Left Behind – Title I
84.389	No Child Left Behind – Title I, Recovery Act
84.186A	No Child Left Behind – Title I SIA, Recovery Act
84.027	I.D.E.A. Part B, Basic
84.391	I.D.E.A. Part B, Basic – Recovery Act
84.392	I.D.E.A. Part B, Preschool – Recovery Act
84.394	ARRA – SFSF – ESF (Educ. State Grants)
84.397	ARRA – SFSF – GSF (Government Services)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal Control over major programs:

- | | |
|---|--------------------|
| 1) Material weakness(es) identified? | No |
| 2) Significant deficiencies identified that are not considered
To be material weaknesses? | None Reported |
| Type of auditor’s report issued on compliance for major programs | <u>Unqualified</u> |
| Any audit findings disclosed that are required to be reported in accordance
With NJ OMB Circular Letter 04-04? | No |

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-078	Equalization Aid
10-495-034-5120-014	Transportation Aid
10-495-034-5120-473	Extraordinary Special Education Aid

- | | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$691,648 |
| Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2010-01:

Criteria or Specific Requirement:

Accounting principles generally accepted in the United States of America require the District to maintain complete general ledgers with supporting schedules.

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section II – Financial Statement Findings

Finding 2010-01 (continued):

Condition:

During our review of the District's enterprise funds, it was noted that the Cafeteria and Community Education general ledgers were not provided in a timely manner.

Context:

Although the District maintained General Ledgers for the Cafeteria and Community Education funds, the general ledgers were not provided in a timely manner. Multiple journal entries were required in order to correct the balances.

Effect:

Accurate financial information was not provided timely in order to facilitate the preparation of the CAFR.

Cause:

The District Personnel assumed the auditors would complete preparation of these general ledgers.

Recommendation:

That the District's general ledger be maintained and provided accurately and timely.

Views of Responsible Officials and Planned Corrective Action:

The District concurs and will correct in subsequent year.

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**LACEY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2010**

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

Finding 2009-01:

The District did not receive all of its tax levy by June 30, 2009.

Current Status:

This condition has been corrected.

**SCHOOL DISTRICT OF
LACEY TOWNSHIP**

LACEY BOARD OF EDUCATION
Lanoka Harbor, New Jersey
County of Ocean

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for the Year Ended June 30, 2010**

**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Certified Public Accountants & Consultants

REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Lacey Township
County of Ocean
Lanoka Harbor, New Jersey 08734-0605

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Lacey Township School District in the County of Ocean for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Lacey Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Frank B. Holman, III'. The signature is fluid and cursive, with a long horizontal line extending from the end.

Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

Toms River, New Jersey
October 19, 2010



Certified Public Accountants & Consultants

Honorable President and Members
of the Board of Education
Lacey Township
County of Ocean
Lanoka Harbor, New Jersey 08734-0605

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds

Name	Position	Amount
James G. Savage, Jr.	Business Administrator	\$ 10,000
Sharon Sulecki	Treasurer	320,750
Public Employee's Honesty Blanket Bond		200,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with *N.J.A.C.6:20-3.1(e)4*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated that the vouchers were in satisfactory condition.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2010 for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-1.2* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board secretary were found to be in satisfactory condition. The following was noted during our audit:

Finding 2010-01:

During our review of the District's enterprise funds, it was noted that the Cafeteria and Community Education general ledgers were not provided in a timely manner.

Recommendation:

That the District's general ledger be maintained and provided accurately and timely.

Treasurer's Records

The Treasurer's records were reviewed and found to be in satisfactory condition.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-3 states:

- a) "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$21,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipts of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:119) the Board of Education may establish that the bid threshold may be up to \$29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b) Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2 (pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.18A:18A-4 states, "Every contract for the performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to *N.J.S.A.18A:18A-3* except by contract or agreement."

School Purchasing Programs (continued):

Effective July 1, 2005 and thereafter the bid thresholds in accordance with *N.J.S.A.18A:18A-3* (as amended) and *18A:39-3* are \$21,000.00 and \$15,000.00 respectively.

The Board of Education has appointed a qualified purchasing agent pursuant to subsection b. of Section 9 of P.L. 1071, c.198 and has established a bid threshold of \$29,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year (contract year for July 1, 2005 and thereafter). Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.18A:18A-4*.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A. 18A:18A-5*.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

Our review of the School Purchasing Program was found to be in satisfactory condition with the exception of the following that was noted during our audit:

School Food Service

The financial transactions and statistical records of the School Food Service Fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced applications were completeness and availability.

School Food Service (continued):

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. Districts with food service management companies are depositing and expending program monies in accordance with *N.J.S.A.18A:17-34*, and *19-1* through *19-4.1*. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Student Body Activities

The financial transactions of the student body activities were maintained in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2009 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual.

We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of On Roll status reported in the 2009-2010 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes.

Facilities and Capital Assets

Our procedures included a review of the EDA grant agreement for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. The previous year audit findings have been corrected.

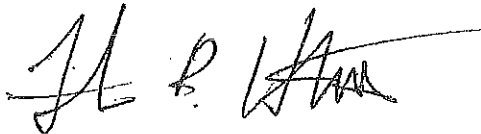
Acknowledgment

We received the complete cooperation of all the Officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions concerning our comments or should you desire any assistance, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

Toms River Office
October 19, 2010

ADDITIONAL INFORMATION

SCHEDULE OF AUDITED ENROLLMENTS (1)

LACEY TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2009

	2010-2011 Application for State School Aid						Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verifi- cation Sample Verified Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Kindergarten	331		331				19		19							
One	348		348				20		20							
Two	257		257				15		15							
Three	271		271				16		16							
Four	296		296				18		18							
Five	287		287				17		17							
Six	296		296				18		18							
Seven	300		300				21		21							
Eight	314		314				22		22							
Nine	304		304				21		21							
Ten	321		321				22		22							
Eleven	286	37	286				20	3	20	3						
Twelve	289	35	289				20	3	20	3						
Subtotal	3,900	72	3,900				249	6	249	6						
Special Ed - Elementary	305		305				18		18				6	4	4	
Special Ed - Middle School	220		220				14		14				7	6	6	
Special Ed - High School	235	29	235				18	2	18	2			10	9	9	
Totals	4,660	101	4,660				299	8	299	8			23	19	19	

Percentage Error

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SCHEDULE OF AUDITED ENROLLMENTS (2)

LACEY TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2009

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half Day Kindergarten	46	46		14	14		10	10		10	10	
One	72	72		23	23		8	8		7	7	
Two	54	54		17	17		1	1		1	1	
Three	49	49		14	14		2	2		2	2	
Four	50	50		12	12							
Five	44	44		11	11							
Six	53	53		13	13		1	1		1	1	
Seven	52	52		14	14							
Eight	56	56		15	15							
Nine	45	45		11	11							
Ten	71	71		19	19		2	2				
Eleven	42	42		9	9							
Twelve	49	49		11	11		1	1		1	1	
Subtotal	683	683		182	182		25	25		22	22	
Special Ed - Elementary	98	98		18	18		1	1		1	1	
Special Ed - Middle	68	68		18	18							
Special Ed - High	71	71		15	15							
Totals	920	920		233	233		26	26		23	23	

Percentage Error

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	1,331.0	1,331.0		255	255	
Reg -SpEd, col. 4	585.5	585.5		99	99	
Transported - Nonpublic, col. 3	86.0	86.0		12	12	
Special Ed Spec, col. 6	269.5	269.5		47	47	
Totals	2,272.0	2,272.0		413	413	

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (3)

LACEY TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2009

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Half Day Kindergarten	2	2		2	2	
One	1	1		1	1	
Two	1	1		1	1	
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine	1	1				
Ten						
Eleven						
Twelve	3	3		3	3	
Subtotal	8	8		7	7	
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle						
Special Ed - High						
Totals	9	9		8	8	
Percentage Error						

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2009-2010 Total General Fund Expenditures per the CAFR, Ex. C-1		\$	<u>64,236,983</u>		(B)
Increased by:					
Transfer to Food Service Fund		\$	<u> </u>		(B1a)
Transfer from Capital Outlay to Capital Projects Fund		\$	<u> </u>		(B1b)
Transfer from Capital Reserve to Capital Projects Fund		\$	<u> </u>		(B1c)
Decrease by:					
On-Behalf TPAF Pension & Social Security		\$	<u>3,845,322</u>		(B2a)
Assets Acquired Under Capital Leases		\$	<u>243,051</u>		(B2b)
Adjusted 2009-10 General Fund Expenditures [(B)+(B1s)-(B2s)]		\$	<u>60,391,661</u>		(B3)
2% of Adjusted 2009-10 General Fund Expenditures [(B3) times .02]		\$	<u>1,207,833</u>		(B4)
Enter Greater of (B4) or \$250,000		\$	<u>1,207,833</u>		(B5)
Increased by: Allowable Adjustment *		\$	<u>140,493</u>		(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$	<u>1,348,326</u>		(M)

SECTION 2

Total General Fund - Fund Balances@ 6/30/10 Per CAFR Budgetary Comparison Schedule C-1)		\$	<u>2,967,918</u>		(C)
Decreased by:					
Reserved for Encumbrances		\$	<u>983,462</u>		(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		\$	<u> </u>		(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**		\$	<u>1,078,999</u>		(C3)
Other Reserved Fund Balances ****		\$	<u> </u>		(C4)
Unreserved - Designated for Subsequent Year's Expenditures		\$	<u> </u>		(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$	<u>905,457</u>		(U)

REGULAR DISTRICT (continued):

SECTION 3

Reserved Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0- \$ _____ (E)

Recapitulation of excess surplus as of June 30, 2010

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 1,078,999 (C3)
Reserved Excess Surplus *** [(E)]	\$ _____ (E)
Total {(C3)+(E)}	\$ <u>1,078,999</u> (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ 138,802 (J1)
Additional Nonpublic School Transportation Aid	\$ 1,691 (J2)
Total Adjustments [(H)+(I)+J1)+(J2)]	\$ <u>140,493</u> (K)

** This amount represents the June 30, 2009 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

*** Amounts must agree to the June 30, 2010 CAFR and must agree to Audit Summary Worksheet Line 10024.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government such as the judicial branch of government must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ _____
Capital Outlay for a District With a Capital Outlay SGLA	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ _____
Maintenance Reserve	\$ _____
Emergency Reserve	\$ _____
Waiver Offset Reserve	\$ _____
Tuition Reserve	\$ _____
Other State/Government Mandated Reserve	\$ _____
Other Reserved Fund Balance Not Noted Above ****	\$ _____
Total Other Reserved Fund Balance	\$ _____ (C4)