

EASTAMPTON SCHOOL DISTRICT



**Eastampton Township Board of Education
1 Student Drive
Eastampton, NJ 08060**

**Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2010**

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
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INTRODUCTORY SECTION

EASTAMPTON SCHOOL DISTRICT

1 Student Drive
Eastampton, NJ 08060

Phone: (609) 267-9172
Dr. Robert A. Krastek, Ed.D
Superintendent/Principal 6-8

Fax: (609) 702-9625
Marian F. Smith
Business Administrator/Board Secretary



September 30, 2010

Honorable President and Members
Eastampton Township Board of Education
Burlington County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Eastampton 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 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 the 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 independent auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non Profit Organizations", and the State Treasury Circular 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Eastampton School District is an independent entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Eastampton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an enrollment of 695 students, which represents 38 students less than the previous end of the year's enrollment. The following illustration details the changes in the student enrollment over the last ten years:

Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2000-01	819	(4.9%)
2001-02	771	(6.2%)
2002-03	821	0.7%
2003-04	820	(0.1%)
2004-05	817	(0.4%)
2005-06	791	(3.18%)
2006-07	751	(5.05%)
2007-08	743	(1.06%)
2008-09	733	(1.35%)
2009-10	695	(5.18%)

2. ECONOMIC CONDITION AND OUTLOOK:

Geography:

The Township of Eastampton's population is contained within 5.63 square miles. The Township is located in Central Burlington County, New Jersey, as part of the greater Mount Holly area. Characterized as a rural-suburban community, the Township gradually changed over a period of twenty years from an agrarian community of farms owned by families for generations to a bedroom community of people; some of whom travel as far away as New York City or Philadelphia to their vocational responsibilities. Several excellent county roads (537, 630 and 626) and three major highways (Route 38, Route 295 and the New Jersey Turnpike), make major cities, shopping malls, and general travel arteries and airports easy to reach for the residents of the Township. The Township population was listed in 2002 as 6,657 with the potential for reaching 8,000 people.

The school district has completed its construction/consolidation project and now houses Kindergarten through 8th grade under one roof. The district's focus continues to be excellence in education while maintaining a manageable budget for taxpayers.

3. FORM OF LOCAL GOVERNMENT:

The Township is governed by the Council-Manager form of government under the Optional Municipal Charter Law. Township Council consists of five members who select a mayor from one of its members. A full time chief executive officer (township manager) is appointed by a majority vote of the Council. The Council-Manager form of governance distinguishes the legislative and executive functions of local government, which enables the Council to delegate the day-to-day operations to the manager and reserves to the governing body the legislative function.

4. MAJOR INITIATIVES:

The board of education has articulated the focus and direction of the district in formally adopting vision and mission statements that are refined in goals and objectives that define the curriculum, the use of technology, appropriate staff development, community involvement, funding, facilities improvement and core values. During the 2009-2010 school year, the district continued to update and revise its Five Year Facility Plan, Three Year Technology Plan and the Five Year Curriculum Plan. The District had its Quality Single Accountability Continuum (QSAC) review by the State of New Jersey in December of 2009. In a letter dated April 28, 2010, the Commissioner of Education notified the Superintendent of our QSAC scores and designated our district as “high performing”.

5. INTERNAL ACCOUNTING CONTROLS:

The District's management 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 accounting principles generally accepted in the United States of America (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: (a) the cost of a control should not exceed the benefits likely to be derived; and (b) the valuation of costs and benefits requires estimates and judgments by management.

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

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

6. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the Subsequent year. Those amounts to be re-appropriated are explained in "Notes to the Financial Statements", Note 1.

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

8. 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.

9. OTHER INFORMATION:

- A. Independent Audit: - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company, LLP 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 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- B. Community Involvement - Parents and community continue to be encouraged to be involved with the school program. The PTA, extra-curricular activities and parent/grandparent classroom visitation days are illustrative. Additionally, parents are encouraged to serve as resource people to the classroom teacher (career day et. al.)

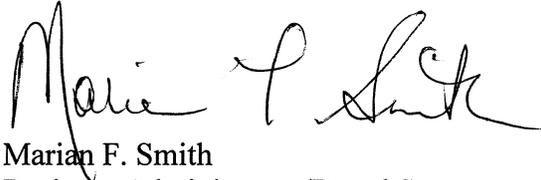
10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Eastampton 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.

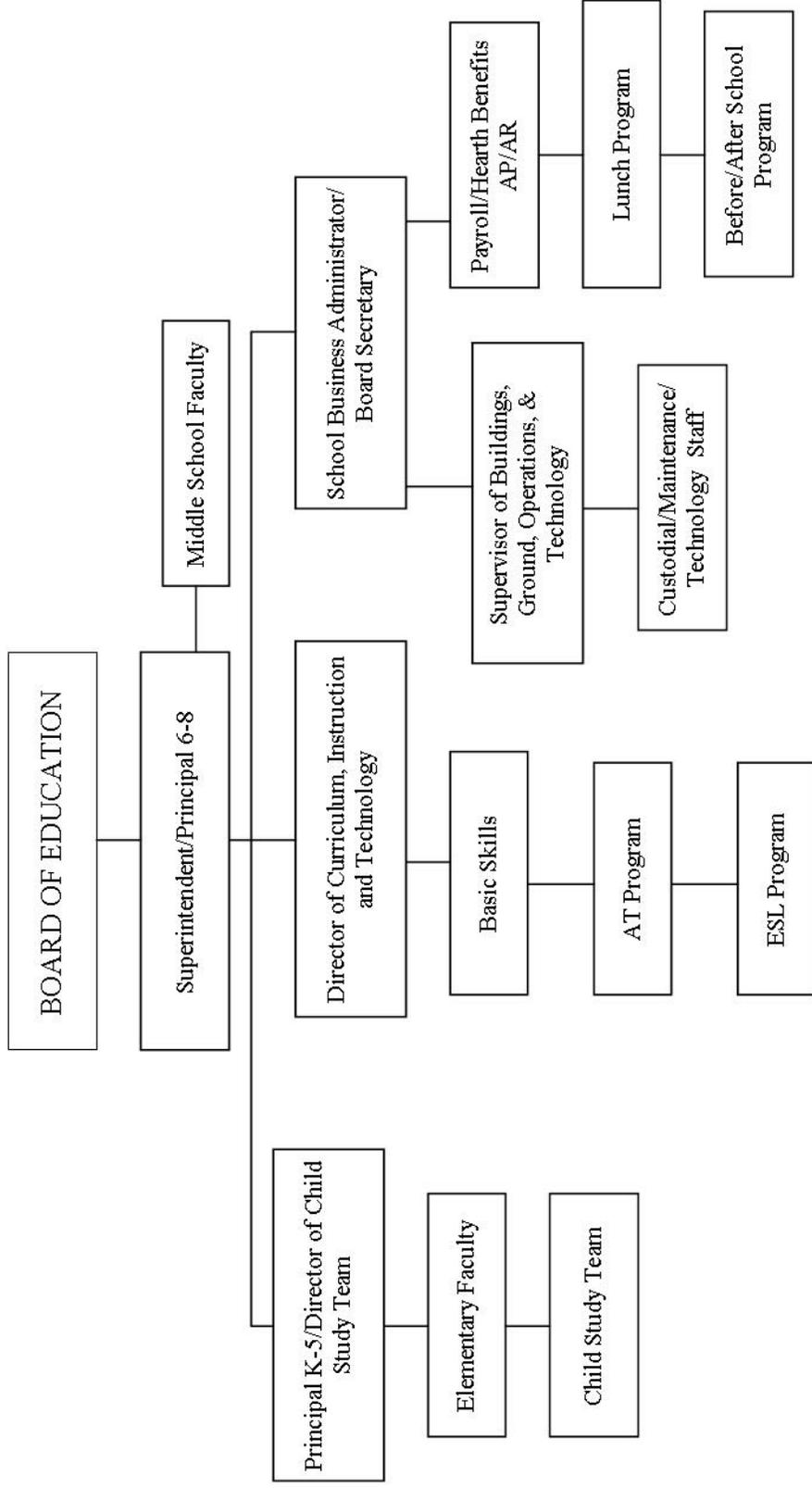
Respectfully submitted,



Robert A. Krastek
Superintendent/Principal



Marian F. Smith
Business Administrator/Board Secretary



**EASTAMPTON TOWNSHIP BOARD OF EDUCATION
EASTAMPTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2010**

Members of the Board of Education

Term Expires

Susan C. Taylor, President	2012
Glenn Forney, Vice President	2012
Len DiGiacomo	2011
Dianne G. Hall	2012
Paul Schatzel	2011
Stephen Pagano	2013
James Southard	2013

Other Officials

Robert A. Krastek, Superintendent/Principal
Marian F. Smith, Business Administrator/Board Secretary
Marilyn Bartello, Treasurer

EASTAMPTON TOWNSHIP SCHOOL DISTRICT
Consultant and Advisors

Audit Firm

Bowman & Company, LLP
601 White Horse Road
Voorhees, NJ 08043

Attorney

Stephen J. Mushinski
Parker McCay, P.A.
Three Greentree Centre
7001 Lincoln Drive West
Marlton, NJ 08053

Architect

Regan Young England Butera
456 High Street
Mt. Holly, NJ 08060

Official Depository

Beneficial Bank
Woodlane Road
Eastampton, NJ 08060

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Eastampton Township School District
County of Burlington
Eastampton, New Jersey 08060

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of the Township of Eastampton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Eastampton School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

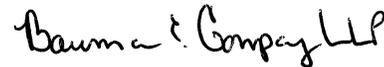
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Township of Eastampton School District in the County of Burlington, State of New Jersey as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2010 on our consideration of the Township of Eastampton School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Eastampton School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,



BOWMAN & COMPANY LLP
 Certified Public Accountants
 & Consultants



Joseph J. Hoffmann
 Certified Public Accountant
 Public School Accountant No. CS 00759

Voorhees, New Jersey
 September 29, 2010

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

The Honorable President and
Members of the Board of Education
Eastampton Township School District
County of Burlington
Eastampton, New Jersey 08060

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Township of Eastampton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 29, 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 in compliance with 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 Township of Eastampton School District'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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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 school district's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Eastampton School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Public School Accountant No. CS 00759

Voorhees, New Jersey
September 29, 2010

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Eastampton Township Board of Education School District

Management's Discussion and Analysis Year Ended June 30, 2010

This section of the Eastampton Township Board of Education School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2009-10) and the prior year (2008-09) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-10 fiscal year include the following:

- Net Assets for Governmental and Business-Type activities were \$14,997,614 and \$302,887, respectively.
- Net Assets for the Governmental activities decreased by \$400,150 and the Net Assets for Business-Type activities decreased by \$11,038 from July 1, 2009 to June 30, 2010.
- The General Fund, fund balance as of June 30, 2010 was (\$32,206), a decrease of \$149,163 when compared with the beginning balance as of July 1, 2009 of \$116,957.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Eastampton Township School District.

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

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the Eastampton Township School District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-1

MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

		Fund Financial Statements	
	District-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education, building maintenance and transportation	Activities the district operates similar to private businesses: Food Service Fund, Community Education and Recreation Fund
Required Financial Statements	Statements of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue, expenditures and changes in fund balances	Statement of revenue, expenses and changes in fund net assets
			Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

District-wide Statements

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

The two district-wide statements report the Eastampton Township School District's net assets and how they have changed. Net assets – the difference between the district's assets and liabilities – are a measure of the District's financial health or position.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

District-wide Statements (Cont'd)

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

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities*-The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Program and Child Care Program are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE EASTAMPTON TOWNSHIP SCHOOL DISTRICT AS A WHOLE

Net Assets. The District's net assets for the fiscal years ended June 30, 2009 and 2010 are reflected in Table.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT'S NET ASSETS						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 399,849	\$ 2,340,627	\$ 173,631	\$ 156,241	\$ 573,480	\$ 2,496,868
Capital Assets	25,661,140	26,041,437	146,752	170,109	25,807,892	26,211,546
Total Assets	26,060,989	28,382,064	320,383	326,350	26,381,372	28,708,414
Long-term Liabilities Outstanding	10,802,210	10,769,823	12,544	3,477	10,814,754	10,773,300
Other Liabilities	261,165	2,214,477	4,952	8,947	266,117	2,223,424
Total Liabilities	11,063,375	12,984,300	17,496	12,424	11,080,871	12,996,724
Net Assets:						
Invested in Capital Assets, Net of						
Related Debt	15,198,837	15,366,472	146,752	170,110	15,345,589	15,536,582
Restricted	363,621	416,003			363,621	416,003
Unrestricted	(564,844)	(384,712)	156,135	143,816	(408,709)	(240,896)
Total Net Assets	\$ 14,997,614	\$ 15,397,763	\$ 302,887	\$ 313,926	\$ 15,300,501	\$ 15,711,689

The District's financial position for governmental and business-type activities is the product of the following factors:

- Program revenues were \$1,725,676.
 - ✓ Operating Grants & Contributions--\$1,276,351.
 - ✓ Charges for Services--\$449,325.
- General revenues, Special Items, Extraordinary Items and Transfers amounted to \$10,288,656.
- Net Expenditures were \$10,699,844.
- Total District revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$15,300,501 as of June 30, 2010.
- Revenues (\$10,288,656) + Beginning assets (\$15,711,689) – Net expenditures (\$10,699,844) = Net Assets of \$15,300,501.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

Change in Net Assets. Net assets for **governmental and business-type activities** increased from June 30, 2009 to June 30, 2010 as reflected in Table.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT'S CHANGES IN NET ASSETS						
	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services			\$ 449,325	\$ 468,311	\$ 449,325	\$ 468,311
Operating Grants and Contributions	\$ 1,180,356	\$ 1,086,859	95,995	64,440	1,276,351	1,151,299
General Revenues:						
Property Taxes	4,787,878	4,730,956			4,787,878	4,730,956
Grants and Contributions Restricted and not Restricted to Programs	5,138,129	4,673,118			5,138,129	4,673,118
Other	359,775	226,936	2,873	2,809	362,648	229,745
Total Revenues	11,466,138	10,717,869	548,193	535,560	12,014,331	11,253,429
Expenses:						
Instruction	5,526,452	4,909,266			5,526,452	4,909,266
Support Services	5,857,335	5,604,839			5,857,335	5,604,839
Interest on Debt and Related Costs	482,500	487,855			482,500	487,855
Childcare			324,335	272,479	324,335	272,479
Food Services			234,897	219,266	234,897	219,266
Total Expenses	11,866,287	11,001,960	559,232	491,745	12,425,519	11,493,705
Increase in Net Assets before Transfers	(400,149)	(284,091)	(11,039)	43,815	(411,188)	(240,276)
Transfers						
Increase in Net Assets	(400,149)	(284,091)	(11,039)	43,815	(411,188)	(240,276)
Net Assets, July 1	15,397,763	15,681,854	313,926	270,111	15,711,689	15,951,965
Net Assets, June 30	\$ 14,997,614	\$ 15,397,763	\$ 302,887	\$ 313,926	\$ 15,300,501	\$ 15,711,689

Total revenues for the District were \$12,014,331. Government funding was the source of 53.39% of the district's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$4,787,878 provided 39.85% of revenues.

Other miscellaneous revenues of \$362,648 (net of asset items) represent 3.02% of the district revenues. Miscellaneous revenue was primarily provided from interest, elementary school building lease, sale of assets and refunds.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

The District's expenses for government activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$5,970,022 (50.31%) of total expenditures. Student support services including transportation, exclusive of administration, totaled \$1,095,956 (9.24%) of total expenditures. Total expenditures exceeded revenues for governmental activities, decreasing net assets \$400,148 from the beginning balance at July 1, 2009.

Activity Descriptions

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

Tuition expenses include the cost to the District to send pupils with special needs living within the District to private schools and/or schools outside the District area.

Student and instruction related services include the activities designed to assess and improve the well being of students and to supplement the teaching process.

School Administrative and General and Business Administrative services include expenses associated with establishing and administering policy for the District including financial supervision.

Plant operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from student activities as provided by State law and Board Policy.

Unallocated benefits includes the cost of benefits for the District staff for social security, retirement contributions, worker's compensation, health benefits and other employee benefits.

Interest on long-term debt and amortization of bond issuance costs involve the transactions associated with the payment of interest and other related charges to the debt of the District.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The financial performance of the Eastampton Township School District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$89,872. At June 30, 2009 the fund balance was \$396,119. This decrease was largely the result of the increased usage of fund balance to support the District's Budget.

All governmental funds had total revenues of \$11,466,139 and total expenditures of \$11,772,385.

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through grade 8 including pupil transportation activities and capital outlay projects.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

The following schedule presents a summary of Governmental Fund Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

GOVERNMENTAL FUNDS COMPARISON OF REVENUES FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2010				
	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 4,787,878	\$ 4,730,956	\$ 56,922	1.20%
Miscellaneous	359,776	226,936	132,840	58.54%
Total	5,147,654	4,957,892	189,762	3.83%
Government Sources:				
State Sources	4,945,538	5,465,557	(520,019)	-9.51%
Federal Sources	1,372,946	294,420	1,078,526	366.32%
Total	6,318,484	5,759,977	558,507	9.70%
Total Revenues	\$ 11,466,138	\$ 10,717,869	\$ 748,269	6.98%

One of the primary sources of funding for the district is received from local property taxes and accounted for 41.76% of total revenues. State aid accounted for 43.13% of total revenues.

Total Governmental Fund revenues increased by \$748,269, or 6.98%, from the previous year. The major component of this increase was ARRA aid.

State aid revenue is determined by a formula under the CEIFA laws, which was not used in the calculation of state aid in 2009-10. A save harmless appropriation was implemented for funding the 2009-10 fiscal year.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

The following schedule presents a summary of Governmental Fund expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

GOVERNMENTAL FUNDS				
COMPARISON OF EXPENDITURES				
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009				
	<u>2009</u>	<u>2010</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
EXPENDITURES				
Instruction:				
Regular	\$ 3,006,341	\$ 3,057,440	\$ 51,099	1.70%
Special Education	1,411,342	1,653,412	242,070	17.15%
Other	348,982	260,844	(88,138)	-25.26%
Total Instruction	4,766,665.00	4,971,696.00	205,031.00	4.12%
Support Services:				
Tuition	269,934	443,570	173,636	64.33%
Student and Instruction Related Services	842,382	814,470	(27,912)	-3.31%
School Administration	396,341	399,200	2,859	0.72%
General/Business Administration	592,990	571,976	(21,014)	-3.54%
Plant Operations and Maintenance	934,564	854,974	(79,590)	-8.52%
Pupil Transportation	333,850	281,488	(52,362)	-15.68%
Unallocated Benefits	1,554,909	1,744,329	189,420	12.18%
TPAF and FICA Reimbursements	649,952	685,885	35,933	5.53%
Total Instruction	5,574,922	5,795,892	220,970	3.96%
Capital Outlay	67,806	227,997	160,191	236.25%
Debt Service	944,440	776,800	(167,640)	-17.75%
Total Expenditures	\$ 11,353,833	\$ 11,772,385	\$ 418,552	3.69%

Total Governmental Fund expenditures increased \$418,552 or 3.69% from the previous year. This increase was primarily due to the increase in capital outlay for the school construction project.

The Eastampton Township School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year.

During the course of fiscal year 2010 the District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

DEBT SERVICE FUND

The current year obligations for payment of debt service principal and interest amounted to \$776,800, of which, \$727,150 in funding was provided by the local tax levy and \$49,650 was from fund balance.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

FOOD SERVICE ENTERPRISE FUND

The Food Service Fund had net assets of \$110,731 as of June 30, 2010. This reflects an increase of \$22,496 from June 30, 2009. This increase is largely due to increased participation and sales.

CHILDCARE ENTERPRISE FUND

The Childcare Fund had net assets of \$192,156 as of June 30, 2010. This reflects an decrease of \$3,534 from June 30, 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets are individual items purchased at a cost exceeding \$2,000, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2010, the district had capital assets allocated to government activities with a book value of \$25,661,140. This consists of a broad range of capital assets, including land, school buildings, computer and audio-visual equipment. Total depreciation expense for the year was \$608,294.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)							
	Governmental Activities		Business-Type Activities		Total		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Land	\$ 1,287,740	\$ 1,287,740			\$ 1,287,740	\$ 1,287,740	
Construction in Progress		21,811,621			-	21,811,621	
Land Improvements					-	-	
Building Improvements	24,372,186	2,932,663			24,372,186	2,932,663	
Equipment	1,214	9,413	\$ 146,752	\$ 170,109	147,966	179,522	
Total	\$ 25,661,140	\$ 26,041,437	\$ 146,752	\$ 170,109	\$ 25,807,892	\$ 26,211,546	

Long-term Obligations

At year-end, the District had \$10,565,000 in general obligation bonds and loans outstanding, a decrease of \$300,000 from last year – as shown below. The District does not anticipate incurring any new long-term debt at this time.

The District also had a \$230,144 liability for compensated absences allocated to government activities. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement.

Eastampton Township School District
Eastampton, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT SCHEDULE OF LONG TERM OBLIGATIONS				
	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
GOVERNMENT ACTIVITIES				
Bonds	\$ 10,565,000	\$ 10,865,000	\$ (300,000)	-2.76%
Capital Leases	7,066	30,472	(23,406)	-76.81%
Compensated Absences	230,144	198,833	31,311	15.75%
Total	\$ 10,802,210	\$ 11,094,305	\$ (292,095)	-2.63%

THE FUTURE OUTLOOK

The Eastampton Township School District is presently in a strong financial condition. Changes to the state funding formula are expected to benefit the district for the next year; however, without specific state guidance and direction for the year's to follow, this continues to be a source of concern.

The district's construction/consolidation project was successfully completed. The unknown costs associated with a construction project will no longer impact the district. This will allow more stability in the district's financial planning.

Recent legislative changes and the move towards regionalization have become issues that could impact future budgets. This is an unknown factor that all school districts must face.

The over-reliance on property taxes to support the schools in Eastampton Township is a concern faced by the Board of Education and Administration each year. The District is committed to helping taxpayers and has entered into a purchase agreement for the elementary school with the proceeds offsetting the school's budget. Additionally, the district participates and seeks shared services agreements in an effort to contain costs.

The District's system for financial planning, budgeting and internal controls are well regarded. The District is committed to continuing its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary at:

Eastampton Township Board of Education, 1 Student Drive, Eastampton, New Jersey 08060.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 28,162.10	\$ 159,541.78	\$ 187,703.88
Receivables, net	56,967.46	6,808.64	63,776.10
Deferred Charge:			
Debt Issuance Costs (Net of Amortization)	201,022.44		201,022.44
Inventory		7,280.16	7,280.16
Restricted Cash and Cash Equivalents	113,697.49		113,697.49
Capital Assets, net (Note 6)	<u>25,661,139.73</u>	<u>146,752.03</u>	<u>25,807,891.76</u>
Total Assets	<u>26,060,989.22</u>	<u>320,382.61</u>	<u>26,381,371.83</u>
LIABILITIES:			
Accounts Payable	84,461.72	2,034.63	86,496.35
Payable to State Government	8,422.27		8,422.27
Accrued Interest	152,210.58		152,210.58
Deferred Revenue	16,070.62	10,509.00	26,579.62
Noncurrent Liabilities (Note 7):			
Due within One Year	307,066.39		307,066.39
Due beyond One Year	<u>10,495,144.07</u>	<u>4,951.57</u>	<u>10,500,095.64</u>
Total Liabilities	<u>11,063,375.65</u>	<u>17,495.20</u>	<u>11,080,870.85</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	15,198,836.93	146,752.03	15,345,588.96
Restricted for:			
Debt Service	61,232.12		61,232.12
Other Purposes	302,388.34		302,388.34
Unrestricted (Deficit)	<u>(564,843.82)</u>	<u>156,135.38</u>	<u>(408,708.44)</u>
Total Net Assets	<u>\$ 14,997,613.57</u>	<u>\$ 302,887.41</u>	<u>\$ 15,300,500.98</u>

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions / Programs	Program Revenues			Net (Expense) / Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,612,195.97				\$ (3,612,195.97)		\$ (3,612,195.97)
Special Education	1,653,412.02				(1,207,163.26)		(1,207,163.26)
Other Special Instruction	260,844.00		\$ 446,248.76		(260,844.00)		(260,844.00)
Support Services:							
Tuition	443,570.09						(443,570.09)
Student and Instruction Related Services	814,470.21				(766,248.48)		(766,248.48)
School Administrative Services	399,199.52		48,221.73		(399,199.52)		(399,199.52)
General and Business Administrative Services	602,331.13				(602,331.13)		(602,331.13)
Plant Operations and Maintenance	886,062.41				(886,062.41)		(886,062.41)
Pupil Transportation	281,487.52				(281,487.52)		(281,487.52)
Unallocated Benefits	1,744,329.02				(1,744,329.02)		(1,744,329.02)
Reimbursed TPAF and Social Security	685,885.10		685,885.10				(10,221.48)
Amortization of Debt Issuance Costs	10,221.48				(472,279.44)		(472,279.44)
Interest on Long-Term Debt	472,279.44						
Unallocated Depreciation							
Total Governmental Activities	<u>11,866,287.91</u>	<u>-</u>	<u>1,180,355.59</u>	<u>-</u>	<u>(10,685,932.32)</u>	<u>-</u>	<u>(10,685,932.32)</u>
Business-Type Activities:							
Food Service	234,896.51	\$ 160,903.49				\$ 22,002.16	22,002.16
Childcare Program	324,335.37	288,422.00				(35,913.37)	(35,913.37)
Total Business-Type Activities	<u>559,231.88</u>	<u>449,325.49</u>	<u>95,995.18</u>	<u>-</u>	<u>-</u>	<u>(13,911.21)</u>	<u>(13,911.21)</u>
Total Primary Government	<u>\$ 12,425,519.79</u>	<u>\$ 449,325.49</u>	<u>\$ 1,276,350.77</u>	<u>\$ -</u>	<u>(10,685,932.32)</u>	<u>(13,911.21)</u>	<u>(10,699,843.53)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					4,060,728.00		4,060,728.00
Taxes Levied for Debt Service					727,150.00		727,150.00
Federal and State Aid not Restricted					5,020,875.00		5,020,875.00
Federal and State Aid Restricted					117,253.62		117,253.62
Miscellaneous Income					359,776.09	2,872.80	362,648.89
Operating Transfers							
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>10,285,782.71</u>	<u>2,872.80</u>	<u>10,288,655.51</u>
Change in Net Assets					(400,149.61)	(11,038.41)	(411,188.02)
Net Assets -- July 1					15,397,763.18	313,925.82	15,711,689.00
Net Assets -- June 30					<u>\$ 14,997,613.57</u>	<u>\$ 302,887.41</u>	<u>\$ 15,300,500.98</u>

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents		\$ 19,156.74	\$ 113,697.49	\$ 9,005.36	\$ 141,859.59
Receivables, net:					
Interfunds Receivable:					
General Fund		21,927.13			21,927.13
Payroll Fund	\$ 3,096.59				3,096.59
Capital Projects Fund	624.30			3,309.60	3,933.90
Receivables from Other Governments:					
State of NJ -- FICA	18,085.31				18,085.31
State of NJ -- Transportation Aid	1,973.00				1,973.00
State of NJ -- Extraordinary Aid	7,466.00				7,466.00
Other Receivables		485.53			485.53
Total Assets	\$ 31,245.20	\$ 41,569.40	\$ 113,697.49	\$ 12,314.96	\$ 198,827.05
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 41,524.18	\$ 17,076.51			\$ 58,600.69
Deferred Revenue		16,070.62			16,070.62
Interfunds Payable:					
General Fund			\$ 624.30		624.30
Special Revenue Fund	21,927.13				21,927.13
Debt Service Fund			3,309.60		3,309.60
Payable to Federal and State Government		8,422.27			8,422.27
Total Liabilities	63,451.31	41,569.40	3,933.90	-	108,954.61
Fund Balances:					
Reserved for:					
Capital Reserve Account	151,731.17				151,731.17
Encumbrances	21,972.54		21,842.32		43,814.86
Unreserved -- Undesignated	(205,909.82)			\$ 3,308.96	(202,600.86)
Unreserved -- Designated for Subsequent Year's Expenditures			87,921.27	9,006.00	96,927.27
Total Fund Balances	(32,206.11)	-	109,763.59	12,314.96	89,872.44
Total Liabilities and Fund Balances	\$ 31,245.20	\$ 41,569.40	\$ 113,697.49	\$ 12,314.96	

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 \$35,551,744.01, and the accumulated depreciation is \$9,890,604.28.	25,661,139.73
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.	(10,802,210.46)
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	201,022.44
Interest on long term debt is accrued on the Statement of Net Assets regardless when due.	(152,210.58)
Net assets of governmental activities	\$ 14,997,613.57

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 4,060,728.00			\$ 727,150.00	\$ 4,787,878.00
Miscellaneous	356,466.49		3,309.60		359,776.09
State Sources	4,887,771.10	57,766.73			4,945,537.83
Federal Sources	818,989.00	553,957.38			1,372,946.38
Total Revenues	10,123,954.59	611,724.11	3,309.60	727,150.00	11,466,138.30
EXPENDITURES:					
Regular Instruction	3,057,439.61				3,057,439.61
Special Education Instruction	1,207,163.26	446,248.76			1,653,412.02
Other Special Instruction	260,844.00				260,844.00
Support Services and Undistributed Costs:					
Tuition	443,570.09				443,570.09
Student and Instruction Related Services	766,248.48				814,470.21
School Administrative Services	399,199.52	48,221.73			399,199.52
Other Administrative Services	571,976.41				571,976.41
Plant Operations and Maintenance	854,974.36				854,974.36
Pupil Transportation	281,487.52				281,487.52
Unallocated Benefits	1,744,329.02				1,744,329.02
Reimbursed TPAF Pension and Social Security	685,885.10				685,885.10
Debt Service:					
Principal				300,000.00	300,000.00
Interest and Other Charges				476,800.00	476,800.00
Capital Outlay			110,743.72		227,997.34
Total Expenditures	10,273,117.37	611,724.11	110,743.72	776,800.00	11,772,385.20
Excess (Deficiency) of Revenues over Expenditures	(149,162.78)	-	(107,434.12)	(49,650.00)	(306,246.90)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In				3,309.60	3,309.60
Proceeds from Capital Leases			(3,309.60)		(3,309.60)
Operating Transfers Out					
Total Other Financing Sources and Uses	-	-	(3,309.60)	3,309.60	-
Net Change in Fund Balances	(149,162.78)	(110,743.72)	(110,743.72)	(46,340.40)	(306,246.90)
Fund Balance -- July 1	116,956.67		220,507.31	58,655.36	396,119.34
Fund Balance -- June 30	\$ (32,206.11)	-	\$ 109,763.59	\$ 12,314.96	\$ 89,872.44

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

TOWNSHIP OF EASTAMPTON 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		\$ (306,246.90)
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	\$ (608,294.30)	
Capital Outlays	<u>227,997.34</u>	
		(380,296.96)
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.		300,000.00
Cancelation of bond principal is not reflected in the governmental funds, but the cancelation reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		-
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.		(10,221.48)
Repayment of capital leases 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.		23,405.78
Assets acquired under capital leases do not effect the Statement of Net Assets however, are reported as a financing source in the governmental funds.		-
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)		4,520.56
Revenue from Bond Proceeds does not effect the Statement of Net Assets however, are reported as a financing source in the governmental funds.		-
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(31,310.61)
		<u>(400,149.61)</u>
Change in Net Assets of Governmental Activities		<u>\$ (400,149.61)</u>

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Statement of Net Assets
Enterprise Funds
June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 25,955.75	\$ 133,586.03	\$ 159,541.78
Accounts Receivable:			
State	385.06		385.06
Federal	6,423.58		6,423.58
Inventories	<u>7,280.16</u>		<u>7,280.16</u>
Total Current Assets	<u>40,044.55</u>	<u>133,586.03</u>	<u>173,630.58</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents			
Furniture, Machinery and Equipment	102,616.00	118,449.00	221,065.00
Less Accumulated Depreciation	<u>(29,894.60)</u>	<u>(44,418.37)</u>	<u>(74,312.97)</u>
Total Noncurrent Assets	<u>72,721.40</u>	<u>74,030.63</u>	<u>146,752.03</u>
Total Assets	<u>112,765.95</u>	<u>207,616.66</u>	<u>320,382.61</u>
LIABILITIES:			
Current Liabilities:			
Due to Students	2,034.63		2,034.63
Deferred Revenue		10,509.00	10,509.00
	<u>2,034.63</u>	<u>10,509.00</u>	<u>12,543.63</u>
Noncurrent Liabilities:			
Compensated Absences Payable	<u>-</u>	<u>4,951.57</u>	<u>4,951.57</u>
Total Liabilities	<u>2,034.63</u>	<u>15,460.57</u>	<u>17,495.20</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	72,721.40	74,030.63	146,752.03
Unrestricted	<u>38,009.92</u>	<u>118,125.46</u>	<u>156,135.38</u>
Total Net Assets	<u>\$ 110,731.32</u>	<u>\$ 192,156.09</u>	<u>\$ 302,887.41</u>

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Enterprise Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 61,852.25		\$ 61,852.25
Reimbursable Program -- School Lunch	99,051.24		99,051.24
Child Care Fees		\$ 288,422.00	288,422.00
Total Operating Revenues	160,903.49	288,422.00	449,325.49
OPERATING EXPENSES:			
Salaries	91,891.61	248,351.39	340,243.00
Employee Benefits		29,012.30	29,012.30
Management Fee	12,677.82		12,677.82
General Supplies	9,652.96	12,529.15	22,182.11
Direct Expenses	5,876.54		5,876.54
Depreciation	8,551.33	14,806.12	23,357.45
Other Professional and Technical Services	3,000.00	8,776.82	11,776.82
Cost of Sales	103,246.25		103,246.25
Activities		10,859.59	10,859.59
Total Operating Expenses	234,896.51	324,335.37	559,231.88
Operating Income / (Loss)	(73,993.02)	(35,913.37)	(109,906.39)
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	4,054.30		4,054.30
Federal Sources:			
National School Lunch Program	66,465.64		66,465.64
Food Distribution Program	25,475.24		25,475.24
Interest Revenue	493.92	2,378.88	2,872.80
Total Nonoperating Revenues (Expenses)	96,489.10	2,378.88	98,867.98
Income (Loss) before Contributions and Transfers	22,496.08	(33,534.49)	(11,038.41)
Other Financing Sources (Uses):			
Capital Contributions	-	-	-
Change in Net Assets	22,496.08	(33,534.49)	(11,038.41)
Net Assets -- July 1	88,235.24	225,690.58	313,925.82
Net Assets -- June 30	\$ 110,731.32	\$ 192,156.09	\$ 302,887.41

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 160,500.84	\$ 292,421.00	\$ 452,921.84
Payments to Management Company	(192,253.02)		(192,253.02)
Payments to Employees		(246,877.13)	(246,877.13)
Payments for Employee Benefits		(29,012.30)	(29,012.30)
Payments for Supplies and Services	(33,449.46)	(32,165.56)	(65,615.02)
Net Cash Provided by (used for) Operating Activities	<u>(65,201.64)</u>	<u>(15,633.99)</u>	<u>(80,835.63)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	3,669.24		3,669.24
Federal Sources	85,517.30		85,517.30
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>89,186.54</u>	<u>-</u>	<u>89,186.54</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of Capital Assets	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	493.92	2,378.88	2,872.80
Net Increase (Decrease) in Cash and Cash Equivalents	24,478.82	(13,255.11)	11,223.71
Cash and Cash Equivalents -- July 1	1,476.93	146,841.14	148,318.07
Cash and Equivalents -- June 30	<u>\$ 25,955.75</u>	<u>\$ 133,586.03</u>	<u>\$ 159,541.78</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (73,993.02)	\$ (35,913.37)	\$ (109,906.39)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	8,551.33	14,806.12	23,357.45
(Increase) Decrease in Inventories	642.70		642.70
Increase (Decrease) in Deferred Revenue		3,999.00	3,999.00
Increase (Decrease) in Accounts Payable	(402.65)	1,474.26	1,071.61
Total Adjustments	<u>8,791.38</u>	<u>20,279.38</u>	<u>29,070.76</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (65,201.64)</u>	<u>\$ (15,633.99)</u>	<u>\$ (80,835.63)</u>

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 11,683.56	\$ 19,169.36
Total Assets	\$ 11,683.56	\$ 19,169.36
LIABILITIES:		
Accounts Payable	\$ 2,318.21	
Interfund Accounts Payable:		
Due General Fund		\$ 3,096.59
Payable to Student Groups	\$ 9,365.35	
Payroll Deductions and Withholdings		16,072.77
Total Liabilities	\$ 11,683.56	\$ 19,169.36

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Township of Eastampton School District (hereafter referred to as the "School District") is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that three member's terms expire one year and two member's terms expire in each of the two succeeding years. The purpose of the School District is to educate students in grades K through 8 at its one school. The School District has an approximate enrollment at June 30, 2010 of 695.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District has determined that there are no component units.

Basis of Presentation - The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described in this Note.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation (Cont'd)**

District-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Governmental Funds (Cont'd)**

General Fund (Cont'd) - In addition to the capital outlay sub-fund, the School District is accountable for two additional sub-funds resulting from federal legislation signed into law on February 17, 2009. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. The New Jersey State Department of Education requires that the ARRA - Education Stabilization Fund (ESF) is to be recorded as a separate and ARRA - Government Services Fund (GSF) as a separate sub-fund.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenues from the federal and state 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 financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations:

1. that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or
2. where the School District has decided that periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

School Age Child Care Fund - This fund accounts for the financial activity related to providing day care services for School District students before school, after school and during the summer.

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 assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Proprietary Funds (Cont'd) - 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:

Equipment	8-12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds, a student activity fund and a payroll fund.

Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting (Cont'd)**

Revenues -- Exchange and Non-Exchange Transactions (Cont'd) - Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. Restricted formula aids, if any, are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education, which requires that these grants be realized in an amount equal to program expenditures.

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

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets / Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal 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:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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, Exhibit C-2, and Exhibit I-3 includes all amendments to the adopted budget, if any.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets / Budgetary Control (Cont'd) - Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

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

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

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

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

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

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2010 and 2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Inventories - 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories (Cont'd) - Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

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 School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	8-12 Years
Vehicles	5-10 Years	4-6 Years

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves - The School District reserves portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, maintenance reserve accounts, emergency reserves, and debt service reserves.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program and tuition for the school age child care program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$730,540.89 as of June 30, 2010, none was uninsured and uncollateralized.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account prior to July 18, 2000 shall be utilized for the original purpose for which the funds were deposited. Funds placed in the account after that date are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance July 1, 2009	\$ 149,115.76
Increased by:	
Interest Earnings	<u>2,615.41</u>
Ending Balance June 30, 2010	<u>\$ 151,731.17</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted projects is \$90,000.00 and the balance prior to July 18, 2000 was \$163,157.00 of which \$100,000.00 was utilized in fiscal year 2005.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Intergovernmental	\$ 27,524.31		\$ 6,808.64		\$ 34,332.95
Other		\$ 485.53			485.53
Total	<u>\$ 27,524.31</u>	<u>\$ 485.53</u>	<u>\$ 6,808.64</u>	<u>-</u>	<u>\$ 34,818.48</u>

Note 5: INVENTORY

Inventory in the food service fund at June 30, 2010 consisted of the following:

Food	\$ 6,271.13
Supplies	<u>1,009.03</u>
	<u>\$ 7,280.16</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 1,287,740.00			\$ 1,287,740.00
Construction in Progress	21,811,620.69	\$ (21,811,620.69)		
Total Capital Assets not being Depreciated	<u>23,099,360.69</u>	<u>(21,811,620.69)</u>	<u>-</u>	<u>1,287,740.00</u>
Capital Assets, being Depreciated:				
Land Improvements	212,175.00			212,175.00
Building and Improvements	11,922,443.58	22,039,618.03		33,962,061.61
Equipment	89,767.40			89,767.40
Total Capital Assets, being Depreciated	<u>12,224,385.98</u>	<u>22,039,618.03</u>	<u>-</u>	<u>34,264,004.01</u>

Note 6: CAPITAL ASSETS (CONT'D)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:				
Less Accumulated Depreciation for:				
Land Improvements	\$ (212,175.00)			\$ (212,175.00)
Building and Improvements	(8,989,780.74)	\$ (607,094.37)		(9,596,875.11)
Equipment	(80,354.24)	(1,199.93)		(81,554.17)
	<u>(9,282,309.98)</u>	<u>(608,294.30) *</u>	<u>-</u>	<u>(9,890,604.28)</u>
Total Accumulated Depreciation				
Total Capital Assets, being Depreciated, Net	<u>2,942,076.00</u>	<u>21,431,323.73</u>		<u>24,373,399.73</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,041,436.69</u>	<u>\$ (380,296.96)</u>	<u>-</u>	<u>\$ 25,661,139.73</u>
Business-Type Activities:				
Total Capital Assets, being Depreciated:				
Equipment	\$ 221,065.00			\$ 221,065.00
Less Accumulated Depreciation	(50,955.52)	\$ (23,357.45)		(74,312.97)
Total Business-Type Activities Capital Assets, Net	<u>\$ 170,109.48</u>	<u>\$ (23,357.45)</u>	<u>-</u>	<u>\$ 146,752.03</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 546,851.53
General and Business Administrative Services	30,354.72
Plant Operations and Maintenance	<u>31,088.05</u>
Total Depreciation Expense	<u>\$ 608,294.30</u>

Note 7: ELEMENTARY SCHOOL BUILDING

On October 27, 2008, Rancocas Valley Regional High School Board of Education entered into an agreement with Eastampton Township Board of Education to purchase the Elementary School for \$1,665,000.00. Rancocas Valley Regional High School is leasing the building for five (5) years at \$333,000.00 per year and this rent will be applied to the purchase price. The lease began on August 15, 2009 and will terminate on July 15, 2014. Upon full payment, closing will take place where the Eastampton Township School Board will transfer the title of ownership. The estimated date for this closing is August 14, 2014.

The following is a schedule of the yearly payments to be made under the agreement:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2011	\$ 333,000.00
2012	333,000.00
2013	333,000.00
2014	<u>333,000.00</u>
	<u>\$ 1,332,000.00</u>

Note 7: ELEMENTARY SCHOOL BUILDING (CONT'D)

This purchase results in a future gain which is calculated as follows:

	<u>Amount</u>
Purchase Price	\$ 1,665,000.00
Less:	
Value of Land	<u>(662,960.00)</u>
Future Gain on Sale	<u>\$ 1,002,040.00</u>

Note 8: LONG-TERM OBLIGATIONS

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

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 10,865,000.00		\$ (300,000.00)	\$ 10,565,000.00	\$ 300,000.00
Obligations under Capital Lease	30,472.17		(23,405.78)	7,066.39	7,066.39
Compensated Absences	198,833.46	\$ 31,310.61		230,144.07	
Governmental Activity Long-term Liabilities	<u>\$ 11,094,305.63</u>	<u>\$ 31,310.61</u>	<u>\$ (323,405.78)</u>	<u>\$ 10,802,210.46</u>	<u>\$ 307,066.39</u>
Business-Type Activities:					
Compensated Absences	<u>\$ 3,477.31</u>	<u>\$ 1,474.26</u>		<u>\$ 4,951.57</u>	

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 within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On March 3, 2005, the School District issued \$11,130,000.00 general obligation bonds at interest rates varying from 4.25% to 4.50% for various construction and renovation projects. The final maturity of these bonds is March 1, 2030. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 300,000.00	\$ 464,050.00	\$ 764,050.00
2012	325,000.00	451,300.00	776,300.00
2013	350,000.00	437,487.50	787,487.50
2014	350,000.00	422,612.50	772,612.50
2015	400,000.00	407,737.50	807,737.50
2016-2020	2,300,000.00	1,768,812.50	4,068,812.50
2021-2025	2,825,000.00	1,224,937.50	4,049,937.50
2026-2030	3,715,000.00	513,000.00	4,228,000.00
	<u>\$ 10,565,000.00</u>	<u>\$ 5,689,937.50</u>	<u>\$ 16,254,937.50</u>

Note 8: LONG-TERM OBLIGATIONS (CONT'D)

Bonds Authorized But Not Issued - As of June 30, 2010, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Capital Leases Payable - The School District is leasing computer equipment totaling \$21,242.36 under capital leases. All capital leases are for terms of three years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 7,066.39	\$ 574.39	\$ 7,640.78
	<u>\$ 7,066.39</u>	<u>\$ 574.39</u>	<u>\$ 7,640.78</u>

Note 9: OPERATING LEASES

At June 30, 2010, the School District had operating lease agreements in effect for copy machines. The future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 22,311.24
2012	17,650.54
	<u>\$ 39,961.78</u>

Rental payments under operating leases for the fiscal year ended June 30, 2010 were \$22,311.24.

Note 10: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Note 10: PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$ 58,337.00	\$ 56,921.00	\$ 115,258.00		\$ 115,258.00
2009	37,669.00	43,569.00	81,238.00		81,238.00
2008	44,758.00	34,493.00	79,251.00	\$ 15,850.20	63,400.80

Note 11: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire 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 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$15,993.00 and \$300,362.00, respectively.

Note 13: RISK MANAGEMENT

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

Joint Insurance Pool - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund.

The Fund provides the School District with the following coverage:

- Property (Including Crime and Auto Physical Damage)
- General Liability
- Automobile Liability
- Workers' Compensation
- Educator's Legal Liability
- Boiler and Machinery
- Pollution Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The Fund publishes its own financial report for the year ended June 30, 2010, which can be obtained from the following address:

Burlington County Insurance Pool Joint Insurance Fund
P.O. Box 449
Marlton, New Jersey 08053

Note 14: DEFERRED COMPENSATION

The School District offers its employees a choice of four deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

ABCO – ING
AXA Equitable
Lincoln Investments Planning, Inc.
AIG/Valic

Note 15: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to three personal days and various vacation days per their contract which may be carried forward to subsequent years. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, the liability for compensated absences in the governmental activities and proprietary fund types was \$230,144.07 and \$4,951.57, respectively.

Note 16: INTERFUND BALANCES AND TRANSFERS

The following interfund balances were recorded on the various balance sheets as June 30, 2010:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 3,720.89	\$ 21,927.13
Special Revenue	21,927.13	
Capital Projects		3,933.90
Debt Service	3,309.60	
Fiduciary		3,096.59
	<u>\$ 28,957.62</u>	<u>\$ 28,957.62</u>

Note 17: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$32,206.11 in the general fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$32,206.11 is less than the June state aid payments.

Note 18: FUND BALANCES**RESERVED**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance are summarized below:

For Encumbrances - The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2010, \$21,972.54 has been reserved for this purpose in the General Fund and \$21,842.32 has been reserved for this purpose in the Capital Projects Fund.

Note 18: FUND BALANCES (CONT'D)**RESERVED (CONT'D)**

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of reserved fund balance - excess surplus is the result of 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 excess fund balance at June 30, 2010 on the budgetary basis is \$23,297.18. There is no excess fund balance on a GAAP basis.

For Capital Reserve Account - As of June 30, 2010, the balance in the capital reserve account is \$151,731.17. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

UNRESERVED

General Fund - At June 30, 2010, the unreserved undesignated general fund fund balance is \$251,973.00. On the GAAP basis, there is a deficit in the unreserved undesignated fund balance of \$205,909.82.

Capital Projects Fund - All of the \$87,921.27 unreserved capital projects fund fund balance at June 30, 2010 has been designated for use during the 2010-2011 fiscal year.

Debt Service Fund - Of the \$12,314.96 unreserved debt service fund fund balance at June 30, 2010, \$9,006.00 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$3,308.96 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
General Fund:					
Local Sources:					
Local Tax Levy	\$ 4,060,728.00		\$ 4,060,728.00	\$ 4,060,728.00	\$ 1,615.41
Interest Earned on Capital Reserve Fund	1,000.00		1,000.00	2,615.41	333.00
Other Restricted Miscellaneous Revenues	333,333.00		333,333.00	333,000.00	(4,148.92)
Unrestricted Miscellaneous Revenues	25,000.00		25,000.00	20,851.08	(2,200.51)
Total - Local Sources	4,420,061.00	-	4,420,061.00	4,417,194.49	(2,200.51)
State Sources:					
Extraordinary Special Education Cost Aid		\$ 7,466.00	7,466.00	7,466.00	
Categorical Special Education Aid	389,742.00		389,742.00	389,742.00	
Equalization Aid	4,513,675.00	(818,989.00)	3,694,686.00	3,694,686.00	
Categorical Security Aid	74,797.00		74,797.00	69,352.00	5,445.00
Categorical Transportation Aid	97,898.00		97,898.00	63,634.00	34,264.00
Nonpublic School Transportation Aid				1,973.00	1,973.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				369,530.10	369,530.10
On-behalf TPAF Pension Contributions (non-budgeted)				15,993.00	15,993.00
On-behalf TPAF Medical Contributions (non-budgeted)				300,362.00	300,362.00
Total - State Sources	5,076,112.00	(811,523.00)	4,264,589.00	4,912,738.10	727,567.10
Federal Sources:					
Equalization Aid - ARRA Education Stabilization Funds		788,466.00	788,466.00	788,466.00	
Equalization Aid - ARRA Government Services Funds		30,523.00	30,523.00	30,523.00	
Total - Federal Sources	-	818,989.00	818,989.00	818,989.00	-
Total Revenues	9,496,173.00	7,466.00	9,503,639.00	10,148,921.59	725,366.59

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 210,750.00	\$ (4,453.65)	\$ 206,296.35	\$ 200,728.10	\$ 5,568.25
Grades 1 - 5	1,542,340.00	(1,979.40)	1,540,360.60	1,540,360.60	
Grades 6 - 8	1,250,190.00	(12,687.00)	1,237,503.00	1,237,503.00	
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000.00	(2,000.00)	200.00		200.00
Other Purchased Services					
Regular Programs - Undistributed Instruction:					
Purchased Professional/Educational Services	15,000.00	(14,464.20)	535.80	535.80	
Mileage		541.99	541.99	541.99	
General Supplies	50,000.00	44,388.87	94,388.87	77,661.27	16,727.60
Textbooks	15,000.00	(13,891.15)	1,108.85	108.85	1,000.00
Other Objects	7,000.00	(7,000.00)			
Total Regular Programs	3,092,480.00	(11,544.54)	3,080,935.46	3,057,439.61	23,495.85
Special Education:					
Autism:					
Other Salaries for Instruction	57,093.00	(3,252.58)	53,840.42	53,840.42	
Total - Autism	57,093.00	(3,252.58)	53,840.42	53,840.42	-
Multiple Disabilities:					
Salaries of Teachers	121,750.00	5,152.01	126,902.01	126,901.93	0.08
Other Salaries for Instruction	33,752.00	(17,544.72)	16,207.28	16,207.28	
Total - Multiple Disabilities	155,502.00	(12,392.71)	143,109.29	143,109.21	0.08
Resource Room/Center					
Salaries of Teachers	753,200.00	50,966.10	804,166.10	804,166.10	
Other Salaries for Instruction	168,297.00	37,084.65	205,381.65	205,381.65	
General Supplies	2,500.00	(1,834.12)	665.88	665.88	
Textbooks	1,000.00	(1,000.00)			
Total - Resource Room/Center	924,997.00	85,216.63	1,010,213.63	1,010,213.63	-
Total - Special Education	1,137,592.00	69,571.34	1,207,163.34	1,207,163.26	0.08

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 121,000.00	848.00	\$ 121,848.00	\$ 121,848.00	
General Supplies	1,000.00	(1,000.00)			
Textbooks	500.00	(500.00)			
Total - Basic Skills/Remedial	122,500.00	(652.00)	121,848.00	121,848.00	-
Bilingual Education:					
Salaries of Teachers	52,130.00	(1,603.00)	50,527.00	50,527.00	
General Supplies	500.00	(427.40)	72.60	72.60	
Total Bilingual Education	52,630.00	(2,030.40)	50,599.60	50,599.60	-
School Sponsored Cocurricular Activities - Instruction:					
Salaries	53,750.00	(5,968.70)	47,781.30	47,781.30	
Purchased Services	4,000.00	(1,000.00)	3,000.00	3,000.00	
Other Objects	5,500.00		5,500.00	5,185.10	\$ 314.90
Total - School Sponsored Cocurricular Activities - Instruction	63,250.00	(6,968.70)	56,281.30	55,966.40	314.90
School Sponsored Cocurricular Athletics - Instruction:					
Salaries	26,000.00	50.00	26,050.00	26,050.00	
Purchased Services	5,600.00	780.00	6,380.00	6,380.00	
Total - School Sponsored Cocurricular Athletics - Instruction	31,600.00	830.00	32,430.00	32,430.00	-
Total - Instruction	4,500,052.00	49,205.70	4,549,257.70	4,525,446.87	23,810.83
Undistributed Expenditures - Instruction					
Tuition to Other LEAs within State-Special	58,974.00	27,138.20	86,112.20	86,112.20	
Tuition to CSSD & Reg. Day Schools	244,726.00	43,350.00	288,076.00	288,076.00	
Tuition to Private School for the Handicapped- State	120,544.00	(51,162.11)	69,381.89	69,381.89	
Total Undistributed Expenditures - Instruction	424,244.00	19,326.09	443,570.09	443,570.09	-
Health Services					
Salaries	107,928.00	4,549.40	112,477.40	112,477.40	
Purchased Professional and Technical Services	1,775.00	(226.38)	1,548.62	1,548.62	
Supplies an Materials	1,800.00	583.53	2,383.53	2,383.53	
Total Health Services	111,503.00	4,906.55	116,409.55	116,409.55	-

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures:					
Other Support Services - Students - Related Services:					
Salaries	\$ 130,550.00		\$ 130,550.00	\$ 130,550.00	
Purchased Professional/Educational Services	152,075.00	\$ (67,501.42)	84,573.58	84,573.58	
Supplies and Materials	1,500.00	(1,346.27)	153.73	153.73	
Total - Other Support Services - Students - Related Services	284,125.00	(68,847.69)	215,277.31	215,277.31	-
Other Support Services - Students - Extraordinary Services:					
Purchased Professional/Educational Services	30,000.00	(18,180.00)	11,820.00	11,820.00	
Total - Other Support Services - Students - Extraordinary Services	30,000.00	(18,180.00)	11,820.00	11,820.00	-
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	113,344.00	(32,530.30)	80,813.70	80,813.70	
Salaries of Secretarial and Clerical Assistants	35,984.00	(2,012.91)	33,971.09	33,971.09	
Purchased Professional - Educational Services	23,942.00	49,300.84	73,242.84	73,242.84	
Supplies and Materials	1,500.00	(1,363.29)	136.71	136.71	
Other Objects	400.00	3,651.51	4,051.51	4,051.51	
Total Other Support Services - Students - Special Services	175,170.00	17,045.85	192,215.85	192,215.85	-
Other Support Services - Students - Regular Services:					
Salaries of Other Professional Staff	112,469.00		112,469.00	112,468.64	\$ 0.36
Salaries of Other Professional Staff	32,113.00	(3,000.00)	29,113.00	29,113.00	
Other Purchased Professional and Technical Services	2,500.00	(2,500.00)			
Other Purchased Services	200.00	(200.00)			
Supplies and Materials	3,000.00	593.00	3,593.00	3,236.07	356.93
Other Objects	300.00	(300.00)			
Total - Other Support Services - Students - Regular Services	150,582.00	(5,407.00)	145,175.00	144,817.71	357.29
Improvement of Instruction Services/Other Support Services - Instructional Staff:					
Salaries of Secretarial and Clerical Assistants	14,494.00	155.80	14,649.80	14,649.80	
Purchased Professional - Educational Services	3,000.00	(1,438.80)	1,561.20	236.00	1,325.20
Other Purchased Services	400.00		400.00		400.00
Supplies and Materials	500.00	(500.00)			
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	18,394.00	(1,783.00)	16,611.00	14,885.80	1,725.20

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Educational Media Services/School Library:					
Salaries	\$ 64,145.00	\$ (857.25)	\$ 63,287.75	\$ 63,287.75	
Purchased Professional and Technical Services	4,700.00	(38.00)	4,662.00	4,662.00	
Other Purchased Services	3,500.00	(3,216.00)	284.00	283.55	\$ 0.45
Supplies and Materials	3,000.00		3,000.00	2,588.96	411.04
Total Educational Media Services/School Library	75,345.00	(4,111.25)	71,233.75	70,822.26	411.49
Support Services General Administration:					
Salaries	143,201.00		143,201.00	143,200.09	0.91
Legal Services	6,000.00		6,000.00	5,844.73	155.27
Audit Fees	16,325.00	3,131.10	19,456.10	18,131.10	1,325.00
Other Purchased Professional Services	4,000.00	4,000.00	4,000.00	3,790.00	210.00
Communications/Telephone	28,000.00	(7,540.34)	20,459.66	20,100.31	359.35
BOE Other Purchased Services		669.22	669.22		669.22
Other Purchased Services	9,160.00	(1,665.00)	7,495.00	6,545.23	949.77
Miscellaneous Expenditures	30,000.00	(1,160.06)	28,839.94	26,796.55	2,043.39
BOE Membership Dues and Fees	6,700.00	(995.00)	5,705.00	5,705.00	
Total Support Services General Administration	239,386.00	(3,560.08)	235,825.92	230,113.01	5,712.91
Support Services School Administration:					
Salaries of Principals/Assistant Principals	159,964.00	(999.70)	158,964.30	158,964.23	0.07
Salaries of Other Professional Staff	96,946.00	641.42	97,587.42	97,587.42	
Salaries of Secretarial and Clerical Assistants	140,411.00	(300.71)	140,110.29	136,598.50	3,511.79
Other Purchased Services	500.00		500.00		500.00
Supplies and Materials	3,000.00	(766.70)	2,233.30	1,744.22	489.08
Other Objects	5,500.00		5,500.00	4,305.15	1,194.85
Total Support Services School Administration	406,321.00	(1,425.69)	404,895.31	399,199.52	5,695.79
Central Services					
Salaries	190,327.00	1,193.78	191,520.78	191,520.78	
Purchased Technical Services	12,500.00	(1,030.68)	11,469.32	10,686.00	783.32
Supplies and Materials	2,500.00	681.04	3,181.04	3,181.04	
Total Central Services	205,327.00	844.14	206,171.14	205,387.82	783.32

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Administrative Information Technology					
Salaries	\$ 94,500.00		\$ 94,500.00	\$ 94,500.00	
Purchased Professional Services	1,000.00	(506.07)	493.93	474.30	19.63
Purchased Technical Services	25,000.00	816.48	25,816.48	25,760.25	56.23
Supplies and Materials	14,000.00	2,278.95	16,278.95	15,741.03	537.92
Total - Administrative Information Technology	134,500.00	2,589.36	137,089.36	136,475.58	613.78
Allowable Maintenance for School Facilities:					
Salaries	38,523.00		38,523.00	38,522.88	0.12
Cleaning, Repair & Maintenance Services	20,000.00	(13,891.50)	6,108.50	6,108.50	
General Supplies	13,000.00	(9,810.41)	3,189.59	490.56	2,699.03
Total - Allowable Maintenance for School Facilities	71,523.00	(23,701.91)	47,821.09	45,121.94	2,699.15
Other Operation and Maintenance of Plant Services:					
Salaries	389,529.00	14,360.54	403,889.54	403,889.44	0.10
Purchased Professional and Technical Services	42,000.00	(4,756.45)	37,243.55	37,243.55	
Cleaning, Repair & Maintenance Services	35,000.00	(21,093.86)	13,906.14	13,873.46	32.68
Other Purchased Property Services	20,000.00	2,468.00	22,468.00	22,468.00	
Insurance	32,632.00	(306.02)	32,325.98	32,325.98	
General Supplies	26,888.00	46,448.92	73,336.92	72,454.92	882.00
Energy (Natural Gas)	6,720.00	7,500.00	14,220.00	13,707.87	512.13
Energy (Electricity)	166,590.00	47,299.20	213,889.20	213,889.20	
Total - Other Operation and Maintenance of Plant Services	719,359.00	91,920.33	811,279.33	809,852.42	1,426.91
Total - Operation and Maintenance of Plant Services	790,882.00	68,218.42	859,100.42	854,974.36	4,126.06
Student Transportation Services:					
Contracted Services (Between Home & School) - Vendors	150,000.00	(15,627.00)	134,373.00	133,706.50	666.50
Contracted Services (Other Than Home & School) - Vendors	7,000.00	(3,528.00)	3,472.00	3,472.00	
Contracted Services (Special Education Students) - Joint Agreements	150,000.00	(3,797.59)	146,202.41	128,131.43	18,070.98
Contracted Services - Aid in Lieu of Payments	25,000.00	(10,432.41)	14,567.59	14,567.59	
Misc. Purchased Services - Transportation	1,850.00		1,850.00	1,610.00	240.00
Total Student Transportation Services	333,850.00	(33,385.00)	300,465.00	281,487.52	18,977.48

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	\$ 160,000.00	\$ (44,583.55)	\$ 115,416.45	115,416.45	
PERS State Contribution	122,737.00	(7,479.00)	115,258.00	115,258.00	
Unemployment Contribution	18,000.00	3,390.25	21,390.25	21,390.25	
Workmen's Compensation	40,713.00	(1,945.98)	38,767.02	38,767.02	
Health Benefits	1,377,400.00	53,070.01	1,430,470.01	1,425,762.16	\$ 4,707.85
Tuition Reimbursements	12,000.00	10,203.60	22,203.60	16,848.60	5,355.00
Other Employee Benefits	5,000.00	5,886.54	10,886.54	10,886.54	
Total Unallocated Benefits - Employee Benefits	1,735,850.00	18,541.87	1,754,391.87	1,744,329.02	10,062.85
On-behalf TPAF Pension Contributions				15,993.00	(15,993.00)
On-behalf TPAF Medical Contributions				300,362.00	(300,362.00)
Reimbursed TPAF Social Security Contributions				369,530.10	(369,530.10)
Total TPAF Contributions	-	-	-	685,885.10	(685,885.10)
Total Undistributed Expenses	5,115,479.00	(5,227.43)	5,110,251.57	5,747,670.50	(637,418.93)
Total Expenditures - Current Expense	9,615,531.00	43,978.27	9,659,509.27	10,273,117.37	(613,608.10)
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	1,000.00		1,000.00		1,000.00
Total Capital Outlay	1,000.00	-	1,000.00	-	1,000.00
Total Expenditures	9,616,531.00	43,978.27	9,660,509.27	10,273,117.37	(612,608.10)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Calculation of Deficiency of Revenues Under Expenditures: Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (120,358.00)	\$ (36,512.27)	\$ (156,870.27)	\$ (124,195.78)	\$ 32,674.49
Fund Balances, July 1	573,169.67		573,169.67	573,169.67	
Fund Balances, June 30	\$ 452,811.67	\$ (36,512.27)	\$ 416,299.40	\$ 448,973.89	\$ 32,674.49
Recapitulation:					
Reserve for Encumbrances				\$ 21,972.54	
Capital Reserve				151,731.17	
Excess Fund Balance				23,297.18	
Unreserved Fund Balance - Undesignated				251,973.00	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				448,973.89	
Fund Balance per Governmental Funds (GAAP)				(481,180.00)	
				\$ (32,206.11)	

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule -- ARRA ESF

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Equalization Aid -- ARRA ESF	\$	788,466.00	\$	788,466.00	\$
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 1-5		382,749.25	382,749.25	382,749.25	
Grades 6-8		306,070.75	306,070.75	306,070.75	
Total Regular Programs- Instruction	-	688,820.00	688,820.00	688,820.00	-
Special Education:					
Resource Room/Center					
Salaries of Teachers		99,646.00	99,646.00	99,646.00	
Total Resource Room/Center	-	99,646.00	99,646.00	99,646.00	-
Total Special Education	-	99,646.00	99,646.00	99,646.00	-
Total Current Expense	-	788,466.00	788,466.00	788,466.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule -- ARRA GSF
 General Fund
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:					
Equalization Aid -- ARRA GSF	\$	30,523.00	\$ 30,523.00	\$ 30,523.00	
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten		30,523.00	30,523.00	30,523.00	
Total Regular Programs- Instruction	-	30,523.00	30,523.00	30,523.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Nonpublic Aid	\$ 24,800.00	\$ 41,389.00	\$ 66,189.00	\$ 57,766.73	\$ (8,422.27)
Total - State Sources	<u>24,800.00</u>	<u>41,389.00</u>	<u>66,189.00</u>	<u>57,766.73</u>	<u>(8,422.27)</u>
Federal Sources:					
Title I		70,779.00	70,779.00	70,779.00	
Title I - ARRA			22,499.00	22,499.00	
Title II Part A		21,994.00	21,994.00	21,994.00	
Title II Part D		716.00	716.00	716.00	
Title IV		1,902.00	1,902.00	1,902.00	
I.D.E.I.A., Part B Basic	213,856.00	10,491.00	224,347.00	224,347.00	
I.D.E.I.A., Part B Basic - ARRA			211,813.00	211,813.00	
I.D.E.I.A., Part B, Preschool Incentive			8,326.00	8,326.00	
I.D.E.I.A., Part B, Preschool Incentive - ARRA		7,652.00	7,652.00	7,652.00	
Total - Federal Sources	<u>213,856.00</u>	<u>113,534.00</u>	<u>570,028.00</u>	<u>570,028.00</u>	<u>-</u>
Total Revenues	<u>\$ 238,656.00</u>	<u>\$ 154,923.00</u>	<u>\$ 636,217.00</u>	<u>\$ 627,794.73</u>	<u>\$ (8,422.27)</u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries		\$ 17,000.00	\$ 17,000.00	\$ 17,000.00	
Purchased Professional and Technical Services		14,843.00	14,843.00	14,843.00	
Other Purchased Services	\$ 213,856.00	23,665.00	237,521.00	237,521.00	
General Supplies		176,212.00	176,212.00	176,212.00	
Textbooks	8,000.00	5,997.00	13,997.00	13,997.00	
Total Instruction	221,856.00	237,717.00	459,573.00	459,573.00	-
Support Services:					
Purchased Professional and Technical Services		24,606.00	24,606.00	18,846.00	\$ 5,760.00
Purchased Professional and Educational Services		15,441.00	15,441.00	12,778.73	2,662.27
Supplies and Materials	5,800.00	(5,800.00)			
Miscellaneous Expenditure	11,000.00	5,597.00	16,597.00	16,597.00	
Total Support Services	16,800.00	39,844.00	56,644.00	48,221.73	8,422.27
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	120,000.00	120,000.00	120,000.00	-
Total Expenditures	\$ 238,656.00	\$ 397,561.00	\$ 636,217.00	\$ 627,794.73	\$ 8,422.27

TOWNSHIP OF EASTAMPTON 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 10,148,921.59	\$ 627,794.73
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(16,070.62)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July, 2009.	456,213.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July, 2010.	<u>(481,180.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 10,123,954.59</u></u>	<u><u>\$ 611,724.11</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,273,117.37	\$ 627,794.73
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(16,070.62)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 10,273,117.37</u></u>	<u><u>\$ 611,724.11</u></u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	N.C.L.B.				Total Brought Forward
	Title I 2009-2010	Title I - ARRA 2009-2010	Part A 2009-2010	Part D 2009-2010	
REVENUES:					
Federal Sources	\$ 570,028.00	\$ 22,499.00	\$ 21,994.00	\$ 716.00	\$ 1,902.00
State Sources	57,766.73				
Local Sources					
Total Revenues	\$ 627,794.73	\$ 22,499.00	\$ 21,994.00	\$ 716.00	\$ 1,902.00
EXPENDITURES:					
Instruction:					
Salaries	\$ 17,000.00				
Purchased Professional and Technical Services	14,843.00	\$ 1,125.00	\$ 10,000.00	\$ 179.00	\$ 237,521.00
Other Purchased Services	237,521.00				90,165.00
General Supplies	176,212.00	21,374.00	11,994.00	537.00	13,997.00
Textbooks	13,997.00				
Total Instruction	459,573.00	22,499.00	21,994.00	716.00	341,683.00
Support Services:					
Purchased Professional and Technical Services	18,846.00				18,846.00
Purchased Professional and Educational Services	12,778.73				12,778.73
Miscellaneous Expenditure	16,597.00				16,597.00
Total Support Services	48,221.73	-	-	-	48,221.73
Facilities Acquisition and Construction Services:					
Instructional Equipment	120,000.00				120,000.00
Total Expenditures	\$ 627,794.73	\$ 22,499.00	\$ 21,994.00	\$ 716.00	\$ 1,902.00

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	I.D.E.I.A Part B			Nonpublic Textbook Aid, Ch. 194, L. 1979	Total Brought Forward
		Preschool 2009-2010	Preschool ARRA 2009-2010	Basic 2009-2010		
REVENUES:						
Federal Sources	\$ 452,138.00	\$ 8,326.00	\$ 7,652.00	\$ 224,347.00	\$ 211,813.00	\$ 43,769.73
State Sources	57,766.73					
Local Sources	-					
Total Revenues	\$ 509,904.73	\$ 8,326.00	\$ 7,652.00	\$ 224,347.00	\$ 211,813.00	\$ 43,769.73
EXPENDITURES:						
Instruction:						
Salaries						
Purchased Professional and Technical Services						
Other Purchased Services	\$ 237,521.00	\$ 8,326.00	\$ 7,652.00	\$ 221,543.00	\$ 90,165.00	
General Supplies	90,165.00					
Textbooks	13,997.00					\$ 13,997.00
Total Instruction	341,683.00	8,326.00	7,652.00	221,543.00	90,165.00	-
Support Services:						
Purchased Professional and Technical Services	18,846.00			2,804.00	1,648.00	\$ 14,394.00
Purchased Professional and Educational Services	12,778.73					12,778.73
Miscellaneous Expenditure	16,597.00					16,597.00
Total Support Services	48,221.73	-	-	2,804.00	1,648.00	43,769.73
Facilities Acquisition and Construction Services:						
Instructional Equipment	120,000.00				120,000.00	
Total Expenditures	\$ 509,904.73	\$ 8,326.00	\$ 7,652.00	\$ 224,347.00	\$ 211,813.00	\$ 43,769.73

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	Nonpublic Technology Initiative Aid	Nonpublic Nursing Aid	N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory Education	N.J. Nonpublic Handicapped Services Ch. 193		
					Supplemental Instruction	Examination and Classification	Corrective Speech
REVENUES:							
Federal Sources							
State Sources	\$ 43,769.73		\$ 16,597.00	\$ 14,394.00	\$ 1,274.24	\$ 6,213.96	\$ 5,290.53
Local Sources							
Total Revenues	<u>\$ 43,769.73</u>	<u>\$ -</u>	<u>\$ 16,597.00</u>	<u>\$ 14,394.00</u>	<u>\$ 1,274.24</u>	<u>\$ 6,213.96</u>	<u>\$ 5,290.53</u>
EXPENDITURES:							
Instruction:							
Salaries							
Purchased Professional and Technical Services							
Other Purchased Services							
General Supplies							
Textbooks							
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services:							
Purchased Professional and Technical Services	14,394.00			\$ 14,394.00			
Purchased Professional and Educational Services	12,778.73				\$ 1,274.24	\$ 6,213.96	\$ 5,290.53
Miscellaneous Expenditure	16,597.00		\$ 16,597.00				
Total Support Services	<u>43,769.73</u>	<u>-</u>	<u>16,597.00</u>	<u>14,394.00</u>	<u>1,274.24</u>	<u>6,213.96</u>	<u>5,290.53</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Expenditures	<u>\$ 43,769.73</u>	<u>-</u>	<u>\$ 16,597.00</u>	<u>\$ 14,394.00</u>	<u>\$ 1,274.24</u>	<u>\$ 6,213.96</u>	<u>\$ 5,290.53</u>

CAPITAL PROJECTS FUND

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Year Ended June 30, 2010

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Additions/Alterations to the Eastampton Middle School	12/14/04	\$ 22,089,627.00	\$ 21,869,119.69	\$ 110,743.72	\$ 109,763.59
		<u>\$ 22,089,627.00</u>	<u>\$ 21,869,119.69</u>	<u>\$ 110,743.72</u>	<u>\$ 109,763.59</u>
Reserve for Encumbrances					\$ 21,842.32
Unreserved Fund Balance					<u>\$ 87,921.27</u>
					<u>\$ 109,763.59</u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND

Summary Statement of Project Revenues, Expenditures, Project Balance and Project Status -- Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

Revenues and Other Financing Sources

Miscellaneous Revenue -- Interest Earnings	\$ 3,309.60
	<u>3,309.60</u>
Total Revenues	<u>3,309.60</u>

Expenditures and Other Financing Uses

Other Purchased Professional and Technical Services	\$ 48.00
Construction Services	<u>110,695.72</u>
	110,743.72
Transfer to Debt Service Fund	<u>3,309.60</u>
Total Expenditures	<u>114,053.32</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,743.72)
Fund Balance -- July 1	<u>220,507.31</u>
Fund Balance -- June 30	<u><u>\$ 109,763.59</u></u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Additions/Alterations to the Eastampton Middle School
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SCC Grant	\$ 10,879,627.00		\$ 10,879,627.00	\$ 10,879,627.00
Bond Proceeds and Transfers	11,130,000.00		11,130,000.00	11,130,000.00
Contribution from Private Source	80,000.00		80,000.00	80,000.00
	<u>22,089,627.00</u>	<u>-</u>	<u>22,089,627.00</u>	<u>22,089,627.00</u>
Total Revenues				
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	2,095,085.36	\$ 48.00	2,095,133.36	2,110,697.00
Construction Services	19,774,034.33	110,695.72	19,884,730.05	19,978,930.00
	<u>21,869,119.69</u>	<u>110,743.72</u>	<u>21,979,863.41</u>	<u>22,089,627.00</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 220,507.31</u>	<u>\$ (110,743.72)</u>	<u>\$ 109,763.59</u>	<u>-</u>

Additional Project Information:

Project Number	SP1250-060-05-0ABB
Grant Date	02-22-05
Bond Authorization Date	12-14-04
Bonds Authorized	\$ 11,130,000.00
Bonds Issued	\$ 11,130,000.00
Original Authorized Cost	\$ 22,010,542.00
Additional Authorized Cost	\$ 79,085.00
Revised Authorized Cost	\$ 22,089,627.00
Percentage Increase over Original Authorized Cost	0.36%
Percentage Completion	99.50%
Original Target Completion Date	Summer 2008
Revised Target Completion Date	Summer 2010

PROPRIETARY FUNDS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Assets
June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 25,955.75	\$ 133,586.03	\$ 159,541.78
Accounts Receivable:			
State	385.06		385.06
Federal	6,423.58		6,423.58
Inventories	7,280.16		7,280.16
Total Current Assets	<u>40,044.55</u>	<u>133,586.03</u>	<u>173,630.58</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents			
Furniture, Machinery and Equipment	102,616.00	118,449.00	221,065.00
Less Accumulated Depreciation	(29,894.60)	(44,418.37)	(74,312.97)
Total Noncurrent Assets	<u>72,721.40</u>	<u>74,030.63</u>	<u>146,752.03</u>
Total Assets	<u>112,765.95</u>	<u>207,616.66</u>	<u>320,382.61</u>
LIABILITIES:			
Current Liabilities:			
Due to Students	2,034.63		2,034.63
Deferred Revenue		10,509.00	10,509.00
	<u>2,034.63</u>	<u>10,509.00</u>	<u>12,543.63</u>
Noncurrent Liabilities:			
Compensated Absences Payable	-	4,951.57	4,951.57
Total Liabilities	<u>2,034.63</u>	<u>15,460.57</u>	<u>17,495.20</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	72,721.40	74,030.63	146,752.03
Unrestricted	38,009.92	118,125.46	156,135.38
Total Net Assets	<u>\$ 110,731.32</u>	<u>\$ 192,156.09</u>	<u>\$ 302,887.41</u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 61,852.25		\$ 61,852.25
Reimbursable Program -- School Lunch	99,051.24		99,051.24
Child Care Fees		\$ 288,422.00	288,422.00
Total Operating Revenues	160,903.49	288,422.00	449,325.49
OPERATING EXPENSES:			
Salaries	91,891.61	248,351.39	340,243.00
Employee Benefits		29,012.30	29,012.30
Management Fee	12,677.82		12,677.82
General Supplies	9,652.96	12,529.15	22,182.11
Direct Expenses	5,876.54		5,876.54
Depreciation	8,551.33	14,806.12	23,357.45
Other Professional and Technical Services	3,000.00	8,776.82	11,776.82
Cost of Sales	103,246.25		103,246.25
Activities		10,859.59	10,859.59
Total Operating Expenses	234,896.51	324,335.37	559,231.88
Operating Income / (Loss)	<u>(73,993.02)</u>	<u>(35,913.37)</u>	<u>(109,906.39)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	4,054.30		4,054.30
Federal Sources:			
National School Lunch Program	66,465.64		66,465.64
Food Distribution Program	25,475.24		25,475.24
Interest Revenue	493.92	2,378.88	2,872.80
Total Nonoperating Revenues (Expenses)	96,489.10	2,378.88	98,867.98
Income (Loss) before Contributions and Transfers	22,496.08	(33,534.49)	(11,038.41)
Other Financing Sources (Uses):			
Capital Contributions	-	-	-
Change in Net Assets	22,496.08	(33,534.49)	(11,038.41)
Net Assets -- July 1	88,235.24	225,690.58	313,925.82
Net Assets -- June 30	<u>\$ 110,731.32</u>	<u>\$ 192,156.09</u>	<u>\$ 302,887.41</u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 160,500.84	\$ 292,421.00	\$ 452,921.84
Payments to Management Company	(192,253.02)		(192,253.02)
Payments to Employees		(246,877.13)	(246,877.13)
Payments for Employee Benefits		(29,012.30)	(29,012.30)
Payments for Supplies and Services	(33,449.46)	(32,165.56)	(65,615.02)
Net Cash Provided by (used for) Operating Activities	<u>(65,201.64)</u>	<u>(15,633.99)</u>	<u>(80,835.63)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	3,669.24		3,669.24
Federal Sources	85,517.30		85,517.30
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>89,186.54</u>	<u>-</u>	<u>89,186.54</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of Capital Assets	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	493.92	2,378.88	2,872.80
Net Increase (Decrease) in Cash and Cash Equivalents	24,478.82	(13,255.11)	11,223.71
Cash and Cash Equivalents -- July 1	1,476.93	146,841.14	148,318.07
Cash and Equivalents -- June 30	<u>\$ 25,955.75</u>	<u>\$ 133,586.03</u>	<u>\$ 159,541.78</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (73,993.02)	\$ (35,913.37)	\$ (109,906.39)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	8,551.33	14,806.12	23,357.45
(Increase) Decrease in Inventories	642.70		642.70
Increase (Decrease) in Deferred Revenue		3,999.00	3,999.00
Increase (Decrease) in Accounts Payable	(402.65)	1,474.26	1,071.61
Total Adjustments	<u>8,791.38</u>	<u>20,279.38</u>	<u>29,070.76</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (65,201.64)</u>	<u>\$ (15,633.99)</u>	<u>\$ (80,835.63)</u>

FIDUCIARY FUNDS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2010

	Agency Funds		
	Student Activity	Payroll	Total
ASSETS:			
Cash and Cash Equivalents	\$ 11,683.56	\$ 19,169.36	\$ 30,852.92
Total Assets	\$ 11,683.56	\$ 19,169.36	\$ 30,852.92
LIABILITIES:			
Accounts Payable	\$ 2,318.21		\$ 2,318.21
Interfund Accounts Payable:			
Due General Fund		\$ 3,096.59	3,096.59
Payable to Student Groups	9,365.35		9,365.35
Payroll Deductions and Withholdings		16,072.77	16,072.77
Total Liabilities	\$ 11,683.56	\$ 19,169.36	\$ 30,852.92

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance June 30, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
SCHOOLS:				
Elementary	\$ 1,901.22	\$ 428.35	\$ 400.28	\$ 1,929.29
Middle	<u>10,988.70</u>	<u>50,434.77</u>	<u>51,669.20</u>	<u>9,754.27</u>
Total All Schools	<u>\$ 12,889.92</u>	<u>\$ 50,863.12</u>	<u>\$ 52,069.48</u>	<u>\$ 11,683.56</u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
ASSETS:				
Cash and Cash Equivalents	\$ 32,470.27	\$ 7,379,218.69	\$ 7,392,519.60	\$ 19,169.36
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 13,306.19	\$ 2,978,506.90	\$ 2,975,740.32	\$ 16,072.77
Net Payroll		4,252,794.02	4,252,794.02	
Contra		135,908.44	135,908.44	
Interfund Accounts Payable:				
Due General Fund	<u>19,164.08</u>	<u>12,009.33</u>	<u>28,076.82</u>	<u>3,096.59</u>
Total Liabilities	<u>\$ 32,470.27</u>	<u>\$ 7,379,218.69</u>	<u>\$ 7,392,519.60</u>	<u>\$ 19,169.36</u>

LONG-TERM DEBT

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2010

Issue	Date of Issue	Amount of Issue	Date	Annual Maturities		Interest Rate	Balance June 30, 2009	Issued	Retired	Balance June 30, 2010
				Amount						
School District Bonds-- Series 2005	03-03-05	11,130,000.00	03-01-11	\$	300,000.00	4.25%				
			03-01-12		325,000.00	4.25%				
			03-01-13		350,000.00	4.25%				
			03-01-14		350,000.00	4.25%				
			03-01-15		400,000.00	4.25%				
			03-01-16		400,000.00	4.25%				
			03-01-17		450,000.00	4.25%				
			03-01-18		450,000.00	4.25%				
			03-01-19		500,000.00	4.25%				
			03-01-20		500,000.00	4.25%				
			03-01-21		525,000.00	4.25%				
			03-01-22		550,000.00	4.50%				
			03-01-23		550,000.00	4.50%				
			03-01-24		600,000.00	4.50%				
			03-01-25		600,000.00	4.50%				
			03-01-26		700,000.00	4.50%				
			03-01-27		700,000.00	4.50%				
			03-01-28		750,000.00	4.50%				
			03-01-29		775,000.00	4.50%				
			03-01-30		790,000.00	4.50%				
							\$ 10,865,000.00		\$ 300,000.00	\$ 10,565,000.00
							\$ 10,865,000.00		\$ 300,000.00	\$ 10,565,000.00

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2010

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Payable</u>	<u>Amount Outstanding June 30, 2009(a)</u>	<u>Increased</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2010(a)</u>
Acquisition of Computers and Related Equipment:								
Lease # 810-006068581-007	10/22/07	3 Years	\$ 20,235.00	6.04%	\$ 6,737.27		\$ 6,737.27	
Lease # 810-006068581-008	04/08/08	3 Years	30,432.00	5.64%	10,133.32		10,133.32	
Lease # 810-006068581-009	3/5/2009	3 Years	21,242.36	7.84%	13,601.58		6,535.19	\$ 7,066.39
					<u>\$ 30,472.17</u>	<u>-</u>	<u>\$ 23,405.78</u>	<u>\$ 7,066.39</u>

(a) Future Interest Payments Removed from Carrying Value of Leases.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 727,150.00		\$ 727,150.00	\$ 727,150.00	
Total Revenues	727,150.00	-	727,150.00	727,150.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	476,800.00		476,800.00	476,800.00	
Redemption of Principal	300,000.00		300,000.00	300,000.00	
Total Expenditures	776,800.00	-	776,800.00	776,800.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,650.00)	-	(49,650.00)	(49,650.00)	
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund				3,309.60	\$ 3,309.60
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(49,650.00)	-	(49,650.00)	(46,340.40)	3,309.60
Fund Balance, July 1	58,655.36	-	58,655.36	58,655.36	-
Fund Balance, June 30	\$ 9,005.36	-	\$ 9,005.36	\$ 12,314.96	\$ 3,309.60
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	\$ 49,650.00	-	\$ 49,650.00	\$ 49,650.00	-
	\$ 49,650.00	-	\$ 49,650.00	\$ 49,650.00	-

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that Exhibits J-1, J-2 and J-3 are only presented for the last six fiscal years and Exhibit J-5 is only presented for the last seven fiscal years as the School District's first year of implementation of the Governmental Accounting Standards Board Statement No. 34 was for the fiscal year ended June 30, 2004; thus, ten year comparative financial information is unavailable.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Net Assets by Component
 Last Seven Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 15,198,836.93	\$ 15,366,471.83	\$ 15,083,489.29	\$ 12,822,926.80	\$ 7,950,644.37	\$ 4,960,572.56	\$ 3,338,499.02
Restricted	363,620.46	416,003.18	641,268.10	2,700,296.11	7,151,526.06	9,703,431.33	39,424.16
Unrestricted	(564,843.82)	(384,711.83)	(42,903.03)	(93,370.73)	(71,153.74)	(141,558.50)	(151,265.32)
Total Governmental Activities Net Assets	\$ 14,997,613.57	\$ 15,397,763.18	\$ 15,681,854.36	\$ 15,429,852.18	\$ 15,031,016.69	\$ 14,522,445.39	\$ 3,226,657.86
Business-type Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 146,752.03	\$ 170,109.48	\$ 193,466.95	\$ 128,646.20	\$ 11,504.53	\$ 18,152.23	\$ 21,841.85
Unrestricted	156,135.38	143,816.34	76,644.03	98,668.39	191,541.03	96,298.89	75,947.52
Total Business-type Activities Net Assets	\$ 302,887.41	\$ 313,925.82	\$ 270,110.98	\$ 227,314.59	\$ 203,045.56	\$ 114,451.12	\$ 97,789.37
District-wide:							
Invested in Capital Assets, Net of Related Debt	\$ 15,345,588.96	\$ 15,536,581.31	\$ 15,276,956.24	\$ 12,951,573.00	\$ 7,962,148.90	\$ 4,978,724.79	\$ 3,360,340.87
Restricted	363,620.46	416,003.18	641,268.10	2,700,296.11	7,151,526.06	9,703,431.33	39,424.16
Unrestricted	(408,708.44)	(240,895.49)	33,741.00	5,297.66	120,387.29	(45,259.61)	(75,317.80)
Total District-wide Net Assets	\$ 15,300,500.98	\$ 15,711,689.00	\$ 15,951,965.34	\$ 15,657,166.77	\$ 15,234,062.25	\$ 14,636,896.51	\$ 3,324,447.23

Source: Exhibit A-1

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Changes in Net Assets
 Last Seven Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 3,612,195.97	\$ 3,148,941.72	\$ 3,191,974.02	\$ 3,030,045.05	\$ 3,029,783.78	\$ 2,745,209.95	\$ 2,638,323.54
Special Education	1,653,412.02	1,411,341.97	1,307,621.91	1,260,268.80	1,157,129.84	1,163,340.15	1,076,195.27
Other Special Education	260,844.00	348,982.04	320,326.99	90,349.51	65,330.50	148,601.91	179,154.75
Other Instruction	-	-	-	-	-	-	-
Support Services:							
Tuition	443,570.09	269,934.23	223,290.69	439,294.75	362,514.03	203,270.93	284,439.42
Student and Instruction Related Services	814,470.21	842,381.52	781,780.48	887,514.25	869,978.95	799,331.02	864,045.02
School Administrative Services	399,199.52	396,342.52	391,227.85	379,980.62	410,978.74	442,179.25	292,859.17
General and Business Administrative Services	602,331.13	601,532.84	591,257.91	638,381.18	507,568.67	603,554.83	539,417.14
Plant Operations and Maintenance	886,082.41	943,840.36	780,816.46	731,665.89	682,309.34	685,026.14	695,749.75
Pupil Transportation	281,487.52	333,849.93	226,530.08	430,104.12	442,448.25	495,765.97	440,112.96
Unallocated Benefits	2,430,214.12	2,204,861.22	2,216,062.88	1,973,331.00	1,527,794.39	1,307,791.97	1,265,792.20
Interest on Long-term Debt	472,279.44	487,855.40	508,830.81	527,508.77	547,519.50	234,981.39	94,925.70
Amortization of Bond Issuance Costs	10,221.48	12,096.48	12,096.48	12,248.88	12,248.88	(250,102.44)	2,027.40
Unallocated Depreciation	-	-	-	-	-	-	-
Total Governmental Activities Expenses	11,866,287.91	11,001,960.23	10,551,816.56	10,400,692.82	9,615,604.87	8,578,951.07	8,373,042.32
Business-type Activities:							
Food Service	234,896.51	219,266.13	260,949.04	196,504.14	182,906.92	215,962.93	189,222.07
Childcare Program	324,335.37	272,479.26	266,120.85	260,746.88	240,512.76	246,442.50	270,241.66
Total Business-type Activities Expense	559,231.88	491,745.39	527,069.89	457,251.02	423,419.68	462,405.43	459,463.73
Total District Expenses	\$ 12,425,519.79	\$ 11,493,705.62	\$ 11,078,886.45	\$ 10,857,943.84	\$ 10,039,024.55	\$ 9,041,356.50	\$ 8,832,506.05
Program Revenues:							
Governmental Activities:							
Operating Grants and Contributions	\$ 1,180,355.59	\$ 1,092,515.02	\$ 1,233,861.34	\$ 1,235,188.26	\$ 849,041.72	\$ 808,452.99	\$ 764,427.92
Capital Grants and Contributions	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,180,355.59	1,092,515.02	1,233,861.34	1,235,188.26	849,041.72	808,452.99	764,427.92
Business-type activities:							
Charges for services							
Food service	160,903.49	170,151.62	167,958.71	131,275.93	148,819.20	158,690.99	151,974.24
Childcare Program	288,422.00	298,159.99	249,779.00	293,342.02	304,634.92	252,686.00	245,915.00
Capital Grants and Contributions							
Operating Grants and Contributions	95,995.18	64,439.96	54,645.91	46,375.67	50,869.92	46,998.24	39,494.51
Total Business-type Activities Program Revenues	545,320.67	532,751.57	472,383.62	470,993.62	504,324.04	458,375.23	437,383.75
Total District Program Revenues	\$ 1,725,676.26	\$ 1,625,266.59	\$ 1,706,244.96	\$ 1,706,181.88	\$ 1,353,365.76	\$ 1,266,828.22	\$ 1,201,811.67

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Changes in Net Assets
 Last Seven Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue:							
Governmental Activities	\$ (10,685,932.32)	\$ (9,909,445.21)	\$ (9,317,955.22)	\$ (9,165,504.56)	\$ (8,766,563.15)	\$ (7,770,498.08)	\$ (7,608,614.40)
Business-type Activities	(13,911.21)	41,006.18	(54,686.27)	13,742.60	80,904.36	(4,030.20)	(22,079.98)
Total District-wide Net Expense	<u>\$ (10,699,843.53)</u>	<u>\$ (9,868,439.03)</u>	<u>\$ (9,372,641.49)</u>	<u>\$ (9,151,761.96)</u>	<u>\$ (8,685,658.79)</u>	<u>\$ (7,774,528.28)</u>	<u>\$ (7,630,694.38)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 4,060,728.00	\$ 3,990,437.00	\$ 4,401,180.00	\$ 4,208,969.00	\$ 3,723,596.00	\$ 3,500,746.00	\$ 3,193,599.00
Taxes Levied for Debt Service	727,150.00	740,519.00	575,290.00	632,785.00	723,971.00	214,090.00	279,055.00
Unrestricted Grants and Contributions	5,020,875.00	4,595,122.00	4,309,113.00	4,194,185.00	4,191,073.00	4,178,490.00	4,053,780.05
Restricted Grants and Contributions	117,253.62	72,340.06	71,555.13	166,423.00	206,961.00	11,046,311.00	206,939.64
Investment Earnings	16,449.49	30,071.13	69,557.35	36,989.48	32,774.30	13,366.42	3,468.67
Other	343,326.60	196,864.84	236,718.92	324,988.37	396,759.15	131,282.19	89,395.58
Disposal of Assets	-	-	-	-	-	-	-
Transfers	-	-	(93,457.00)	-	-	(18,000.00)	-
Total Governmental Activities	<u>10,285,782.71</u>	<u>9,625,354.03</u>	<u>9,569,957.40</u>	<u>9,564,339.85</u>	<u>9,275,134.45</u>	<u>19,066,285.61</u>	<u>7,826,237.94</u>
Business-type Activities:							
Investment Earnings	2,872.80	2,808.66	4,025.66	10,526.43	7,690.08	2,691.95	1,221.03
Transfers	-	-	93,457.00	-	-	18,000.00	(50,000.00)
Total Business-type Activities	<u>2,872.80</u>	<u>2,808.66</u>	<u>97,482.66</u>	<u>10,526.43</u>	<u>7,690.08</u>	<u>20,691.95</u>	<u>(48,778.97)</u>
Total District-wide	<u>\$ 10,288,655.51</u>	<u>\$ 9,628,162.69</u>	<u>\$ 9,667,440.06</u>	<u>\$ 9,574,866.28</u>	<u>\$ 9,282,824.53</u>	<u>\$ 19,086,977.56</u>	<u>\$ 7,777,458.97</u>
Change in Net Assets:							
Governmental Activities	\$ (400,149.61)	\$ (284,091.18)	\$ 252,002.18	\$ 398,835.29	\$ 508,571.30	\$ 11,295,787.53	\$ 217,623.54
Business-type Activities	(11,038.41)	43,814.84	42,796.39	24,269.03	88,594.44	16,661.75	(70,858.95)
Total District	<u>\$ (411,188.02)</u>	<u>\$ (240,276.34)</u>	<u>\$ 294,798.57</u>	<u>\$ 423,104.32</u>	<u>\$ 597,165.74</u>	<u>\$ 11,312,449.28</u>	<u>\$ 146,764.59</u>

Source: Exhibit A-2

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fund Balances, Governmental Funds
 Last Seven Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
General Fund:							
Reserved	\$ 173,703.71	\$ 302,388.34	\$ 336,453.76	\$ 265,887.66	\$ 204,823.08	\$ 103,434.93	\$ 80,750.46
Unreserved	(205,909.82)	(185,431.67)	315,116.53	196,206.78	113,818.01	46,326.30	5,220.70
Total General Fund	\$ (32,206.11)	\$ 116,956.67	\$ 651,570.29	\$ 462,094.44	\$ 318,641.09	\$ 149,761.23	\$ 85,971.16
All Other Governmental Funds:							
Reserved	\$ 21,842.32	\$ 120,804.13	\$ 114,704.13	\$ 3,228,372.87	\$ 18,496,616.29	\$ 2,431,444.80	
Unreserved, Reported in:							
Capital Projects Fund	87,921.27	99,703.18	152,366.48	451,655.97	272,809.97	18,850,203.00	
Debt Service Fund	12,314.96	58,655.36	92,200.52	252,551.73	314,608.46	104,609.20	\$ 2,208.07
Total All Other Governmental Funds	\$ 122,078.55	\$ 279,162.67	\$ 359,271.13	\$ 3,932,580.57	\$ 19,084,034.72	\$ 21,386,257.00	\$ 2,208.07

Source: Exhibit B-1

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Tax Levy	\$ 4,787,878.00	\$ 4,730,956.00	\$ 4,976,470.00	\$ 4,841,754.00	\$ 4,447,567.00	\$ 3,714,836.00	\$ 3,472,654.00	\$ 3,203,849.00	\$ 2,993,447.00	\$ 2,800,299.00
Other Local Revenue	359,776.09	226,935.97	306,357.73	361,977.85	429,533.45	136,653.30	92,864.25	34,424.90	28,737.89	56,052.04
State Sources	4,945,537.83	5,465,557.41	5,329,714.38	5,260,381.22	4,958,376.36	15,739,309.26	4,765,772.69	4,515,425.42	4,522,152.42	4,560,404.26
Federal Sources	1,372,946.38	294,419.67	284,815.09	335,415.24	288,699.36	293,944.73	259,374.92	216,174.81	211,277.50	175,331.50
Total Revenue	11,466,138.30	10,717,869.05	10,897,357.20	10,799,528.31	10,124,176.17	19,884,743.29	8,590,665.86	7,969,874.13	7,755,614.81	7,592,086.80
Expenditures:										
Instruction	3,057,439.61	3,006,340.91	3,100,425.04	2,832,615.93	2,810,111.90	2,588,062.77	2,473,539.39	2,360,564.39	2,446,825.22	2,294,223.54
Regular Instruction	1,653,412.02	1,411,341.97	1,307,621.91	1,260,268.80	1,157,129.84	1,163,340.15	1,076,195.27	959,010.56	917,304.45	728,238.97
Special Education Instruction	260,844.00	348,982.04	320,326.99	90,349.51	65,330.50	148,601.91	179,154.75	399,880.42	359,725.51	475,033.96
Other Instruction								102,367.36	74,114.09	44,267.84
Support Services:										
Tuition	443,570.09	269,934.23	223,290.69	439,294.75	362,514.03	203,270.93	284,439.42			
Student and Instruction Related Services	814,470.21	842,381.52	781,780.48	887,514.25	869,978.95	799,331.02	883,612.79	963,764.58	850,479.94	718,691.82
School Administrative Services	399,199.52	396,342.52	382,684.75	379,980.62	410,978.74	442,179.25	280,111.72	289,143.27	248,626.42	257,229.90
Other Administrative Services	571,976.41	592,989.74	591,257.91	629,608.36	497,177.86	593,814.77	528,475.90	533,462.77	449,569.83	395,414.50
Plant Operations and Maintenance	854,974.36	934,563.93	771,388.79	722,767.03	670,899.85	674,710.39	680,968.79	704,738.44	584,162.69	486,076.20
Pupil Transportation	281,487.52	333,849.93	226,530.08	430,104.12	442,448.25	495,765.97	440,112.96	388,116.72	401,863.20	366,618.23
Unallocated Benefits	2,430,214.12	2,204,861.22	2,216,062.88	1,973,331.00	1,527,794.39	1,307,791.97	1,265,792.20	1,109,487.69	956,761.18	930,202.48
Debt Service:										
Principal	300,000.00	446,852.78	425,997.35	414,175.70	374,374.17	340,651.32	427,958.52	462,260.15	446,640.88	421,014.82
Interest and Other Charges	476,800.00	497,587.04	517,827.23	538,121.62	556,558.57	83,404.64	107,017.27	130,612.58	153,432.20	174,972.51
Capital Outlay	227,997.34	67,805.66	3,463,625.23	15,233,081.29	2,534,361.54	767,749.60	209,991.58		214,448.13	237,905.99
Total Expenditures	11,772,385.20	11,353,833.49	14,328,819.33	25,831,212.98	12,279,658.59	9,588,674.69	8,837,370.56	8,403,408.93	8,103,953.74	7,529,890.36
Excess (Deficiency) of Revenues Over (Under) Expenditures	(306,246.90)	(635,964.44)	(3,431,462.13)	(15,031,684.67)	(2,155,482.42)	10,296,068.60	(246,704.70)	(433,534.80)	(348,338.93)	62,196.44
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)		21,242.36	50,667.00	23,683.87	22,140.00	39,770.40			71,436.07	
Sale of Bonds						11,130,000.00				
Accounts Receivable/Payable Canceled	3,309.60	9,004.66	49,729.83	242,549.59	391,584.21	104,606.09		3,231.02		(12,004.15)
Transfers In	(3,309.60)	(9,004.66)	(52,686.83)	(242,549.59)	(391,584.21)	(122,606.09)		(2,000.00)		86,000.00
Transfers Out									(22,521.82)	
Total Other Financing Sources (Uses)	-	21,242.36	47,710.00	23,683.87	22,140.00	11,151,770.40	-	1,231.02	48,914.25	73,995.85
Net Change in Fund Balances	\$ (306,246.90)	\$ (614,722.08)	\$ (3,383,752.13)	\$ (15,008,000.80)	\$ (2,133,342.42)	\$21,447,839.00	\$ (246,704.70)	\$ (433,303.78)	\$ (299,424.68)	\$ 136,192.29
Debt Service as a Percentage of Noncapital Expenditures	6.7%	8.4%	8.7%	9.0%	9.6%	4.8%	6.2%	7.1%	7.6%	8.2%

Source: Exhibit B-2

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Eight Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30.							
	2010	2009	2008	2007	2006	2005	2004	2003
Interest Earned on Deposits	\$ 16,449.49	\$ 21,066.47	\$ 19,908.98	\$ 36,989.48	\$ 31,833.05	\$ 13,366.42	\$ 3,468.67	\$ 8,565.29
Tuition					5,174.94	6,369.39		9,424.64
Smart Start Rebate			86,317.92					
Petty Cash							400.00	
Rental/Lease of Facilities	333,000.00	185,000.00	150,000.00				10,000.00	
Administrative Costs - Reimbursed							60,500.00	
Interfunds							16,195.97	
Donations							100.00	
Sale of Assets	3,900.00	9,000.00					500.00	
Insurance Premiums							524.00	
Tuition Refund			401.00		750.00		580.42	
Prior Year Refunds	3,117.00	1,282.20						
Book Fines		582.64						
Miscellaneous					191.25			
Total Miscellaneous Revenues	\$ 356,466.49	\$ 216,931.31	\$ 256,627.90	\$ 39,428.26	\$ 37,949.24	\$ 30,079.00	\$ 92,269.06	\$ 2,799.08

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (2)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (3)
2010	\$ 8,230,300.00	\$ 438,491,560.00	\$ 4,558,600.00	\$ 28,423,300.00	\$ 4,405,000.00	\$ 36,900,000.00	\$ 521,008,760.00	\$ 778,297.00	\$ 521,787,057.00	\$ 73,813,200.00	\$ 514,695,006.00	\$ 0.916
2009	8,193,100.00	439,228,360.00	4,708,600.00	28,706,000.00	4,405,000.00	36,900,000.00	522,141,060.00	769,323.00	522,910,383.00	72,797,100.00	533,255,540.00	0.916
2008	8,672,100.00	437,682,600.00	5,103,600.00	30,941,000.00	2,655,000.00	36,900,000.00	521,954,300.00	678,643.00	522,632,943.00	49,922,600.00	526,264,166.00	0.905
2007	9,364,100.00	437,165,100.00	5,186,900.00	29,141,000.00	2,655,000.00	36,900,000.00	520,414,100.00	669,304.00	521,083,404.00	49,031,700.00	491,960,433.00	0.966
2006 (1)	7,700,000.00	438,166,300.00	5,441,100.00	30,855,000.00	1,300,000.00	36,900,000.00	520,362,400.00	646,816.00	521,009,216.00	49,165,600.00	428,893,380.00	0.930
2005	4,162,629.00	211,389,792.00	4,243,184.00	12,873,907.00	615,000.00	16,415,700.00	249,700,212.00	461,738.00	250,161,950.00	25,502,902.00	378,002,342.00	1.778
2004	4,073,929.00	211,251,342.00	3,978,550.00	12,873,907.00	615,000.00	16,413,700.00	249,206,428.00	563,997.00	249,770,425.00	22,912,781.00	330,471,586.00	1.488
2003	4,088,274.00	211,133,762.00	3,978,550.00	12,639,907.00	615,000.00	16,412,700.00	248,868,193.00	688,755.00	249,556,948.00	17,767,781.00	293,492,824.00	1.392
2002	4,579,104.00	210,579,547.00	4,026,550.00	12,387,907.00	615,000.00	16,412,700.00	248,600,808.00	755,621.00	249,356,429.00	Unavailable	293,123,971.00	1.284
2001	4,572,004.00	209,334,568.00	4,506,590.00	12,393,107.00	615,000.00	16,412,700.00	247,833,969.00	783,640.00	248,617,609.00	16,128,738.00	260,742,117.00	1.204

(1) Revaluation

(2) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(3) Tax Rates are per \$100.00 of Assessed Valuation

Source: Burlington County Board of Taxation

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Regional High School District	Township of Eastampton	Township of Eastampton Fire District	Burlington County		
2010	\$ 0.777	\$ 0.139	\$ 0.916	\$ 0.373	\$ 0.676	0.059	\$ 0.372	\$	2.396
2009	0.773	0.143	0.916	0.350	0.631	0.058	0.388		2.343
2008	0.800	0.105	0.905	0.364	0.583	0.057	0.393		2.302
2007	0.831	0.125	0.956	0.377	0.568	0.057	0.40		2.354
2006 (1)	0.779	0.151	0.930	0.350	0.562	0.061	0.365		2.268
2005	1.676	0.102	1.778	0.644	1.074	0.110	0.691		4.297
2004	1.368	0.120	1.488	0.587	1.049	0.110	0.621		3.855
2003	1.258	0.134	1.392	0.519	1.029	0.107	0.601		3.648
2002	1.142	0.142	1.284	0.419	0.971	0.107	0.585		3.366
2001	1.071	0.133	1.204	0.670	0.775	0.108	0.584		3.341

(1) Revaluation

Source: Municipal Tax Collector

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Principal Property Tax Payers
 Current Year and Nine Years Ago
Unaudited

Taxpayer	2010			2011		
	Taxable Assessed Value (1)	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
East Coast Sherwood Village, LLC	\$ 21,500,000.00	1	4.12%	\$ 5,050,000.00	2	2.03%
East Coast Eastampton Apts, LLC	14,400,000.00	2	2.76%	7,300,000.00	1	2.94%
1170 Inc. (Gregory's)	4,800,000.00	3	0.92%	2,150,000.00	4	0.86%
Charley's Other Brother	1,975,000.00	4	0.38%	1,200,000.00	5	0.48%
Compass Road, LLC	1,800,000.00	5	0.34%			
Pharmacy Development (CVS)	1,700,000.00	6	0.33%	1,100,000.00	6	0.44%
E.D.J., LLC	1,700,000.00	7	0.33%			
Sharbell Eastampton Corporation	1,618,000.00	8	0.31%			
Waste Management	1,418,000.00	9	0.27%	1,050,000.00	7	0.42%
Lina Lane, LLP	1,355,000.00	10	0.26%			
Sherwood Apartment Co.				3,500,000.00	3	1.41%
G'sell Moving & Storage				792,600.00	8	0.32%
Verizon -- New Jersey				783,640.00	9	0.32%
Hiltner Enterprises				719,680.00	10	0.29%
Total	\$ 52,266,000.00		10.02%	\$ 23,645,920.00		9.51%

(1) Revaluation

Source: Municipal Tax Assessor
 Sharbell Eastampton Corporation

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2010	\$ 4,787,878.00	\$ 4,787,878.00	100.00%	-
2009	4,730,956.00	4,730,956.00	100.00%	-
2008	4,976,470.00	4,976,470.00	100.00%	-
2007	4,841,754.00	4,841,754.00	100.00%	-
2006	4,447,567.00	4,447,567.00	100.00%	-
2005	3,714,836.00	3,714,836.00	100.00%	-
2004	3,472,654.00	3,472,654.00	100.00%	-
2003	3,203,849.00	3,203,849.00	100.00%	-
2002	2,993,447.00	2,993,447.00	100.00%	-
2001	2,800,299.00	2,800,299.00	100.00%	-

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

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	\$ 10,565,000.00	-	\$ 7,066.39	-	-	\$ 10,572,066.39	Unavailable	Unavailable
2009	10,865,000.00	-	30,472.17	-	-	10,895,472.17	3.57%	\$ 1,669.04
2008	11,311,852.78	-	40,687.03	-	-	11,352,539.81	3.83%	1,733.74
2007	11,737,850.13	-	22,640.64	-	-	11,760,490.77	4.07%	1,801.55
2006	12,152,025.83	-	27,478.45	-	-	12,179,504.28	4.48%	1,833.99
2005	12,526,400.00	-	25,522.65	-	-	12,551,922.65	4.74%	1,883.82
2004	1,745,046.63	-	25,934.15	-	-	1,770,980.78	0.70%	264.72
2003	2,173,005.15	-	45,501.92	-	-	2,218,507.07	0.91%	335.07
2002	2,635,265.30	-	71,436.07	-	-	2,706,701.37	1.13%	412.42
2001	3,081,906.00	-	26,804.88	-	-	3,108,710.88	1.41%	478.12

Sources:
 (1) District Records
 (2) Personal income has been estimated based upon the municipal population and per capita
 (3) Per Capita personal income by county-estimated based upon the 2000 Census published

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2010	\$ 10,565,000.00	-	\$ 10,565,000.00	2.02%	Unavailable
2009	10,865,000.00	-	10,865,000.00	2.08%	\$ 1,664.37
2008	11,311,852.78	-	11,311,852.78	2.16%	1,727.53
2007	11,737,850.13	-	11,737,850.13	2.25%	1,798.08
2006	12,152,025.83	-	12,152,025.83	2.33% (4)	1,829.85
2005	12,526,400.00	-	12,526,400.00	5.01%	1,879.99
2004	1,745,046.83	-	1,745,046.83	0.70%	260.84
2003	2,173,005.15	-	2,173,005.15	0.87%	328.20
2002	2,635,265.30	-	2,635,265.30	1.06%	401.53
2001	3,081,906.18	-	3,081,906.18	1.24%	473.99

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development
- (4) Revaluation of Assessments

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2009
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Eastampton Township</u>
Municipal Debt: (1)				
Eastampton Township Local and Regional School Districts	\$ 13,585,055.00	\$ 13,585,055.00		
Eastampton Township	9,176,212.00	7,183,622.00	\$ 1,992,590.00	\$ 1,992,590.00
	<u>22,761,267.00</u>	<u>20,768,677.00</u>	<u>1,992,590.00</u>	<u>1,992,590.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	264,223,644.00	35,360,585.00	228,863,059.00	2,322,514.35 (3)
Bonds Issued by Other Public Bodies				
Guaranteed by the County	250,800,000.00	250,800,000.00		
Solid Waste Utility	81,865,434.00	81,865,434.00		
	<u>596,889,078.00</u>	<u>368,026,019.00</u>	<u>228,863,059.00</u>	<u>2,322,514.35</u>
	<u>\$ 619,650,345.00</u>	<u>\$ 388,794,696.00</u>	<u>\$ 230,855,649.00</u>	<u>\$ 4,315,104.35</u>

Sources:

- (1) 2009 Annual Debt Statement
 - (2) County's 2009 Audit Report
 - (3) Such debt is allocated as a proportion of the Township's share of the total 2009 Equalized Value, which is 1.02%.
- The source for this computation was the 2009 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis (1)	
2009	\$ 515,033,596
2008	532,280,543
2007	524,029,906
[A]	\$ 1,571,344,045
Average equalized valuation of taxable property	
[A/3]	\$ 523,781,348
Debt limit (3% of average equalization value) (2)	
[B]	15,713,440
[C]	10,565,000
[B-C]	\$ 5,148,440

	Fiscal Year Ended June 30.									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit	\$ 15,713,440.45	\$ 15,475,427.72	\$ 14,413,718.06	\$ 12,939,004.19	\$ 11,319,459.38	\$ 9,982,047.11	\$ 8,906,508.27	\$ 8,221,347.66	\$ 7,812,275.03	\$ 7,553,223.91
Total net debt applicable to limit (3)	10,565,000.00	10,865,000.00	11,311,852.78	11,737,850.13	12,152,025.83	12,526,400.00	1,745,046.63	2,173,005.15	2,635,265.30	3,081,906.18
Legal debt margin	\$ 5,148,440.45	\$ 4,610,427.72	\$ 3,101,865.28	\$ 1,201,154.06	\$ (832,566.45)	\$ (2,544,352.89)	\$ 7,161,461.64	\$ 6,048,342.51	\$ 5,177,009.73	\$ 4,471,317.73
Total net debt applicable to the limit as a percentage of debt limit	67.24%	70.21%	78.48%	90.72%	107.36%	125.49%	19.59%	26.43%	33.73%	40.80%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2009	6,528	Unavailable	Unavailable	6.2%
2008	6,548	\$ 304,901,072.00	\$ 46,564.00	3.5%
2007	6,528	296,782,464.00	45,463.00	2.6%
2006	6,641	289,222,191.00	43,551.00	2.8%
2005	6,663	271,817,085.00	40,795.00	2.6%
2004	6,690	264,964,140.00	39,606.00	4.4%
2003	6,621	251,478,822.00	37,982.00	4.9%
2002	6,563	244,793,337.00	37,299.00	4.9%
2001	6,502	240,001,824.00	36,912.00	3.4%
2000	6,260	220,846,540.00	35,279.00	3.0%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2000 Census published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

	2010		2001		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>

THIS INFORMATION IS NOT AVAILABLE

Source: Individual Employers

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Instruction										
Regular	48	49	58	58	57	57	-	-	-	-
Special education	36	35	35	18	17	15	-	-	-	-
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	11	12	10	22	22	21	-	-	-	-
General administrative services	3	3	3	3	3	3	-	-	-	-
School administrative services	5	5	4	4	4	5	-	-	-	-
Business administrative services	5	5	3	3	3	3	-	-	-	-
Plant operations and maintenance	8	8	8	8	8	8	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	7	7	7	-	-	-	-
Other	25	27	20	22	19	19	-	-	-	-
Total	141	144	141	145	140	138	-	-	-	-

(1) Unavailable
 Source: District Records

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle/Community School				
2010	695	\$ 10,767,587.86	\$ 15,492.93	9.81%	74	-	9.4	694	644	-2.21%	92.80%
2009	733	10,341,588.01	14,108.58	5.66%	73	-	10.1	710	683	-4.44%	96.20%
2008	743	9,921,369.52	13,353.12	3.96%	78	-	11.1	743	721	-1.07%	97.10%
2007	751	9,645,834.37	12,843.99	15.26%	79	10.4	9.7	751	721	-7.95%	96.00%
2006	791	8,814,364.31	11,143.32	8.42%	76	14.8	10.3	816	765	-1.69%	93.70%
2005	817	8,396,869.13	10,277.69	4.14%	78	15.0	12.0	830	804	0.35%	96.82%
2004	820	8,092,403.19	9,868.78	2.72%	72	16.7	11.9	827	798	0.72%	96.53%
2003	813	7,810,536.20	9,607.06	0.95%	74	14.3	11.5	821	783	6.39%	95.40%
2002	766	7,289,432.53	9,516.23	15.26%	77	14.1	12.1	772	740	-5.77%	95.83%
2001	811	6,695,997.04	8,256.47	27.34%	78	10.4	10.4	819	782	-4.69%	95.43%

Sources: District Records

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>District Building</u>										
<u>Elementary</u>										
Eastampton Elementary (1957)	31,950	31,950	31,950	31,950	31,950	31,950	31,950	31,950	31,950	31,950
Square Feet	246	246	246	246	246	246	246	246	246	246
Capacity (students)	-	-	-	303	340	334	333	316	285	314
Enrollment										
<u>Middle/Community School</u>										
Eastampton Community School (1974)	117,800	117,800	117,800	71,660	71,660	71,660	71,660	71,660	71,660	71,660
Square Feet	771	771	771	384	384	384	384	384	384	384
Capacity (students)	695	733	743	448	451	483	487	497	481	497
Enrollment										

Number of Schools at June 30, 2010
 Elementary School = 1
 Middle/Community School = 1
 High School = 0
 Other = 0

Source: District Records

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary School	n/a	\$ 45,121.94	\$ 91,275.23	\$ 52,282.29	\$ 20,374.23	\$ 9,527.47	\$ 8,161.79	\$ 12,825.95	\$ 27,502.20	\$ 61,999.00	\$ 56,956.00
Middle/Community School	n/a		91,275.23	52,282.29	44,734.75	40,233.32	54,882.78	33,307.01	48,893.59	139,099.00	127,785.00
Total School Facilities		45,121.94	91,275.23	52,282.29	65,108.98	49,760.79	63,044.57	46,132.96	76,395.79	201,098.00	184,741.00
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 45,121.94	\$ 91,275.23	\$ 52,282.29	\$ 65,108.98	\$ 49,760.79	\$ 63,044.57	\$ 46,132.96	\$ 76,395.79	\$ 201,098.00	\$ 184,741.00

* 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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2010

Unaudited

	<u>Coverage</u>	<u>Self-Insured</u>	<u>Deductible</u>
Burlington County Insurance Pool Joint Insurance Fund:			
Property, Inland Marine and Automobile Physical Damages	\$ 150,000,000.00	\$ 200,000.00	\$ 500.00
Boiler and Machinery	100,000,000.00		1,000.00
Comprehensive General Liability	10,000,000.00	150,000.00	
Comprehensive Crime	500,000.00	200,000.00	500.00
Automobile Liability	10,000,000.00	150,000.00	
Workers Compensation	Statutory	250,000.00	
Educator's Legal Liability	10,000,000.00	100,000.00	
Pollution Legal Liability	3,000,000.00		25,000.00
American International Insurance Company:			
Student Accident Policy	1,000,000.00		
Catastrophic Student Accident Policy	5,000,000.00		25,000.00
Selective Insurance Company Bonds:			
Business Administrator/Board Secretary	10,000.00		
Treasurer of School Funds	200,000.00		

Source: District Records

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Eastampton Township School District
County of Burlington
Eastampton, New Jersey 08060

Compliance

We have audited the Township of Eastampton School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2010. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the 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; 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 State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, 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 Township of Eastampton 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 School District's compliance with those requirements.

In our opinion, the Township of Eastampton School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

Management of the Township of Eastampton School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, 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 School District's internal control over compliance.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
 Certified Public Accountants
 & Consultants



Joseph J. Hoffmann
 Certified Public Accountant
 Public School Accountant No. CS 00759

Voorhees, New Jersey
 September 29, 2010

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2010

<u>Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2009</u>
				<u>From</u>	<u>To</u>	
General Fund:						
U.S. Department of Education:						
Passed-through the State Department of Education:						
ARRA - SFSF						
ESF (Educ. State Grants)	84.394	N/A	\$ 788,466.00	7-1-09	6-30-10	
GSF (Government Services)	84.397	N/A	30,523.00	7-1-09	6-30-10	
Total General Fund						-
Special Revenue Fund:						
U.S. Department of Education:						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I	84.010	NCLB125010	70,779.00	9-1-09	8-31-10	
ARRA - Title I Part A	84.389	ARRA125010	22,499.00	9-1-09	8-31-10	
Title II - Part A	84.367	NCLB125010	21,994.00	9-1-09	8-31-10	
Title II - Part D	84.318	NCLB125010	716.00	9-1-09	8-31-10	
Title IV	84.186	NCLB125010	1,902.00	9-1-09	8-31-10	
I.D.E.I.A. Part B:						
Basic	84.027	FT125010	224,347.00	9-1-09	8-31-10	
ARRA - Basic	84.391	ARRA125010	211,813.00	9-1-09	8-31-10	
Pre-School	84.173	PS125010	8,326.00	9-1-09	8-31-10	
ARRA - Pre-School	84.392	ARRA125010	7,652.00	9-1-09	8-31-10	
Total Special Revenue Fund						-
Enterprise Fund:						
U.S. Department of Agriculture:						
Passed-through State Department of Education:						
Food Distribution Program	10.555	Unavailable	25,475.24	7-1-09	6-30-10	
National School Lunch Program	10.555	Unavailable	66,465.54	7-1-09	6-30-10	
Total Enterprise Fund:						-
Total Federal Financial Assistance						-

(A) See Note 5 to the Schedules of Expenditures of Federal and State Financial Assistance

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

<u>Carry-over Amount</u>	<u>Cash Received</u>	<u>Adjustments (A)</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior Years' Balances</u>	<u>Balance at June 30, 2010</u>		
					<u>Accounts Receivable</u>	<u>Deferred Revenue</u>	<u>Due to Grantor</u>
	\$ 788,466.00		\$ 788,466.00				
	30,523.00		30,523.00				
-	818,989.00	-	818,989.00	-	-	-	-
	70,779.00		70,779.00				
	22,499.00		22,499.00				
	21,994.00		21,994.00				
	716.00		716.00				
	1,902.00		1,902.00				
	224,347.00		224,347.00				
	211,813.00		211,813.00				
	8,326.00		8,326.00				
	7,652.00		7,652.00				
-	570,028.00	-	570,028.00	-	-	-	-
	25,475.24		21,016.46			\$ 4,458.78	
	60,042.06		66,465.64		\$ (6,423.58)		
-	85,517.30	-	87,482.10	-	(6,423.58)	4,458.78	-
-	\$ 1,474,534.30	-	\$ 1,476,499.10	-	\$ (6,423.58)	4,458.78	-

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2010

<u>State Grantor/ Program Title</u>	<u>State Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>Balance at June 30, 2009</u>	
			<u>From</u>	<u>To</u>	<u>Deferred Revenue/ Accounts Receivable</u>	<u>Due to Grantor</u>
General Fund:						
State Department of Education:						
Transportation Aid	09-495-034-5120-014	\$ 76,906.00	7-1-08	6-30-09	\$ (7,316.38)	
Transportation Aid	10-495-034-5120-014	63,634.00	7-1-09	6-30-10		
Nonpublic School Transportation Aid	09-495-034-5120-015	3,132.00	7-1-08	6-30-09	(3,132.00)	
Nonpublic School Transportation Aid	10-495-034-5120-015	1,973.00	7-1-09	6-30-10		
Equalization Aid	09-495-034-5120-078	4,277,690.00	7-1-08	6-30-09	(406,953.84)	
Equalization Aid	10-495-034-5120-078	3,694,686.00	7-1-09	6-30-10		
Special Education Categorical Aid	09-495-034-5120-089	380,114.00	7-1-08	6-30-09	(36,161.77)	
Special Education Categorical Aid	10-495-034-5120-089	389,742.00	7-1-09	6-30-10		
Security Aid	09-495-034-5120-084	60,767.00	7-1-08	6-30-09	(5,781.01)	
Security Aid	10-495-034-5120-084	69,352.00	7-1-09	6-30-10		
Extraordinary Special Education Costs Aid	09-100-034-5120-473	42,250.00	7-1-08	6-30-09	(42,250.00)	
Extraordinary Special Education Costs Aid	10-100-034-5120-473	7,466.00	7-1-09	6-30-10		
T.P.A.F. Social Security Aid	09-495-034-5095-002	354,776.31	7-1-08	6-30-09	(17,283.55)	
T.P.A.F. Social Security Aid	10-495-034-5095-002	369,530.10	7-1-09	6-30-10		
Total General Fund					(518,878.55)	-
Special Revenue Fund:						
State Department of Education:						
Nonpublic Aid:						
Nursing Services	10-100-034-5120-070	16,597.00	7-1-09	6-30-10		
Textbook Aid (Ch. 194, L. 1977)	10-100-034-5120-064	13,997.00	7-1-09	6-30-10		
Auxiliary Services (Ch. 192, L. 1977)						
Compensatory Education	09-100-034-5120-067	21,897.00	7-1-08	6-30-09		\$ 6,370.32
Auxiliary Services (Ch. 192, L. 1977)						
Compensatory Education	10-100-034-5120-067	20,154.00	7-1-09	6-30-10		
Handicapped Services (Ch. 193, L. 1977)	09-100-034-5120-066					
Corrective Speech		6,510.00	7-1-08	6-30-09		1,860.00
Examination and Classification		9,477.00	7-1-08	6-30-09		379.98
Supplementary Instruction		3,304.00	7-1-08	6-30-09		495.60
Handicapped Services (Ch. 193, L. 1977)	10-100-034-5120-066					
Corrective Speech		5,559.00	7-1-09	6-30-10		
Examination and Classification		7,493.00	7-1-09	6-30-10		
Supplementary Instruction		2,389.00	7-1-09	6-30-10		
Total Special Revenue Fund					-	9,105.90
Enterprise Fund:						
State School Lunch Aid	10-100-010-3350-023	4,054.30	7-1-09	6-30-10		
Total Enterprise Fund					0.00	-
Total State Financial Assistance					\$ (518,878.55)	\$ 9,105.90

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010			Memo	
				Accounts Receivable	Deferred Revenue/ Interfunds/ Payable	Due to Grantor	Budgetary Receivable June 30, 2010	Cumulative Total Expenditures
\$ 7,316.38		\$ 63,634.00		\$ (7,260.23)			\$ (7,260.23)	\$ 63,634.00
56,373.77								-
3,132.00		1,973.00		(1,973.00)			(1,973.00)	1,973.00
406,953.84								-
3,273,145.92		3,694,686.00		(421,540.08)			(421,540.08)	3,694,686.00
36,161.77								-
345,274.93		389,742.00		(44,467.07)			(44,467.07)	389,742.00
5,781.01								-
61,439.38		69,352.00		(7,912.62)			(7,912.62)	69,352.00
42,250.00		7,466.00		(7,466.00)			(7,466.00)	-
17,283.55								-
351,444.79		369,530.10		(18,085.31)			(18,085.31)	369,530.10
<u>4,606,557.34</u>	<u>-</u>	<u>4,596,383.10</u>	<u>-</u>	<u>(508,704.31)</u>	<u>-</u>	<u>-</u>	<u>(508,704.31)</u>	<u>4,596,383.10</u>
16,597.00		16,597.00						16,597.00
13,997.00		13,997.00						13,997.00
			\$ 6,370.32					-
20,154.00		14,394.00				\$ 5,760.00		14,394.00
			1,860.00					-
			379.98					-
			495.60					-
5,559.00		5,290.53				268.47		5,290.53
7,493.00		6,213.96				1,279.04		6,213.96
2,389.00		1,274.24				1,114.76		1,274.24
<u>66,189.00</u>	<u>-</u>	<u>57,766.73</u>	<u>9,105.90</u>	<u>-</u>	<u>-</u>	<u>8,422.27</u>	<u>-</u>	<u>57,766.73</u>
3,669.24		4,054.30		(385.06)				4,054.30
3,669.24	-	4,054.30	-	(385.06)	-	-	-	4,054.30
<u>\$ 4,676,415.58</u>	<u>-</u>	<u>\$ 4,658,204.13</u>	<u>\$ 9,105.90</u>	<u>\$ (509,089.37)</u>	<u>-</u>	<u>\$ 8,422.27</u>	<u>\$ (508,704.31)</u>	<u>\$ 4,658,204.13</u>

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2010

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Eastampton School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School 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, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$16,070.62 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 818,989.00	\$ 4,887,771.10	\$ 5,706,760.10
Special Revenue	553,957.38	57,766.73	611,724.11
Capital Projects			
Debt Service			
Food Service	<u>91,940.88</u>	<u>4,054.30</u>	<u>95,995.18</u>
Total Awards and Financial Assistance	<u>\$ 1,372,946.38</u>	<u>\$ 4,945,537.83</u>	<u>\$ 6,318,484.21</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. 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 fiscal year ended June 30, 2010.

Note 6: MAJOR PROGRAMS

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

**TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Were significant deficiencies identified that were not considered to be a material weakness? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over compliance:

Material weaknesses identified? yes x no

Were significant deficiencies identified that were not considered to be a material weakness? yes x none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA - Education Stabilization Fund
84.397	ARRA - Government Services Funds
84.027	IDEIA B Basic
84.173	IDEIA B Preschool
84.391	ARRA - IDEIA B Basic
84.392	ARRA - IDEIA B Preschool

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? yes x no

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

None.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

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

None.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not Applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

