This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Board has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Board will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations that request payment for the Bonds.

Rating: Standard & Poor's "AA" (School Bond Reserve Act)
Standard & Poor's "A+" (Underlying)

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 30, 2009

In the opinion of McManimon & Scotland, L.L.C., Bond Counsel, assuming continuing compliance by the Issuer (as defined herein) with certain covenants described herein, interest on the Bonds (as defined herein) is not includable in gross income for federal income tax purposes under current law, and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Pursuant to the American Recovery and Reinvestment Act of 2009, interest on the Bonds held by corporate taxpayers is not included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of interest on the Bonds not being included in "adjusted current earnings." Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX EXEMPTION" herein.

New Issue — Serial Bonds

Advertisement and Blank Proposal

THE BOARD OF EDUCATION OF THE TOWNSHIP OF LAWRENCE IN THE COUNTY OF CUMBERLAND, NEW JERSEY
$2,216,000 SCHOOL BONDS
(Callable)(Book-Entry-Only)(Bank Qualified)

Dated: Date of Delivery — Due: September 1, as shown below

The $2,216,000 School Bonds (the "Bonds") of The Board of Education of the Township of Lawrence in the County of Cumberland, New Jersey (the "Board" or "Board of Education" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository for the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on September 1 and March 1 in each year until maturity or earlier redemption, commencing September 1, 2010. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding August 15 and February 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS—Redemption" herein.

Pursuant to the American Recovery and Reinvestment Tax Act of 2009, the Bonds will be designated as "qualified tax-exempt obligations" under Section 265 of the Code.

The Bonds are general obligations of the Board, and the full faith and credit of the Board are irrevocably pledged for the payment of the principal of and interest on the Bonds. Payment of the principal of and interest on the Bonds, if not paid from other sources, are payable from ad valorem taxes to be levied upon all taxable real property located within the School District, without limitation as to rate or amount. The Bonds are also entitled to the benefits of and are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A: 56-17 et seq. See "DESCRIPTION OF THE BONDS—New Jersey School Bond Reserve Act" herein.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

Year	Amount	Interest Rate	Yield	Year	Amount	Interest Rate	Yield
2011	$115,000	%		2018	$160,000	%	
2012	120,000			2019	165,000		
2013	130,000			2020	175,000		
2014	135,000			2021	180,000		
2015	140,000			2022	190,000		
2016	145,000			2023	200,000		
2017	155,000			2024	206,000		

The Bonds are offered when, as and if issued, and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon & Scotland, L.L.C., Newark, New Jersey, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Financial Advisor to the Board in connection with the issuance of the Bonds. Delivery is anticipated to be at the offices of the Board's Bond Counsel, McManimon & Scotland, L.L.C., or at such other place as agreed to with the Underwriter on or about January 21, 2010.

ELECTRONIC SUBMISSIONS WILL BE RECEIVED VIA PARITY AT 11:00 A.M. ON JANUARY 7, 2010.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM

THE BOARD OF EDUCATION OF THE TOWNSHIP OF LAWRENCE
IN THE COUNTY OF CUMBERLAND, NEW JERSEY

BOARD MEMBERS

Craig Smith, President
Bryan L. Hawkins, Vice President

Donald Wood
Edward J. Cox, Jr.
William Reyes

INTERIM SUPERINTENDENT OF SCHOOLS

Thomas Smith, Jr.

BUSINESS ADMINISTRATOR

Lisa M. DiNovi

BOARD AUDITOR

Triantos and Delp, CPA's, LLC
Vineland, New Jersey

BOARD ATTORNEY

Jane Capasso, Esq.
Lipman, Antonelli, Batt, Dunlap, Gilson, Malestein, Rothman & Capasso
Maple Shade, New Jersey

BOND COUNSEL

McManimon & Scotland, L.L.C.
Newark, New Jersey

FINANCIAL ADVISORS

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board of Education to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Board of Education and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the Federal Securities Law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board of Education during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Board of Education or the Underwriter.

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OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE TOWNSHIP OF LAWRENCE
IN THE COUNTY OF CUMBERLAND, NEW JERSEY
$2,216,000
SCHOOL BONDS
(CALLABLE) (BOOK-ENTRY-ONLY ISSUE) (BANK QUALIFIED)

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Board of Education of the Township of Lawrence in the County of Cumberland, New Jersey (the "Board" or "Board of Education" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the sale and issuance of its $2,216,000 School Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the sale of the Bonds has been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated the date of delivery and shall mature on September 1 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the first day of September and March commencing on September 1, 2010 (each an "Interest Payment Date"), in each of the years and at the interest rates set forth on the front cover page hereof in each year until maturity or earlier redemption by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each August 15 and February 15 immediately preceding the respective Interest Payment Dates (the "Record Dates"). So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry-only form, without certificates. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of $1,000 integrals, with a minimum purchase of $5,000, through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption

The Bonds maturing prior to September 1, 2020 are not be subject to optional redemption. The Bonds maturing on or after September 1, 2020 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after September 1, 2019 at the par amount of bonds to be refunded, plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed Bond Registrar. So long as The Depository Trust Company (or any successor thereto) acts as Securities Depository for the Bonds, such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable property within the School District without limitation as to rate or amount.

New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)

All school bonds are secured by the School Bond Reserve established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The recent amendments to the School Bond Reserve Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the Reserve at the required levels, the State agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the district, county or municipality and shall not obligate the State to make, nor entitle the district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

Authorization and Purpose

The Bonds have been authorized and are being issued pursuant to Title 18A, Chapter 24 of the New Jersey Statutes (N.J.S.A. 18A:24-1 et seq.), a proposal adopted by the Board on August 13, 2009 and approved by a majority of the legal voters present and voting at the school district election held on September 29, 2009 and by a resolution duly adopted by the Board on December 10, 2009 (the "Resolution").

The purpose of the Bonds is to undertake the construction of an addition as well as undertake various improvements and renovations to Myron Powell Elementary School and to acquire the necessary equipment and undertake any associated site work. The total cost of the project is $6,549,146. The project will be permanently funded through the issuance of the Bonds in the amount of $2,216,000, a grant from the State of New Jersey in the amount of $4,032,360, the transfer of $300,000 from the Capital Reserve Account to the Capital Projects Fund and $786 from other available Board funds.

BOOK-ENTRY-ONLY SYSTEM[1]

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of

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[1] Source: The Depository Trust Company

Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the School District believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board/paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Board/paying agent together with the duly executed assignment in form satisfactory to the Board/paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the fifteenth (15th) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a five (5) member board with members elected for staggered three (3) year terms. Pursuant to State statute, the Board appoints a Superintendent and Business Administrator.

The School District is a Type II school district and provides a full range of educational services appropriate to Pre-kindergarten (Pre-K) through grade eight (8), including regular and special education programs. The School District is coterminous with the boundaries of the Township of Lawrence (the “Township”), in the County of Cumberland.

THE STATE’S ROLE IN PUBLIC EDUCATION

The constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the county superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts though the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body, takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves all fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and vote upon all fiscal matters. Regional school districts may be “All Purpose Regional School Districts” or “Limited Purpose Regional School Districts”;

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves all fiscal matters;

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate non-operating school districts and to recommend consolidation to eliminate districts though the establishment or enlargement of regional school districts, subject to voter approval.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or Board. If the Board disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II district, the elected Board develops the budget proposal and, at or after a public hearing, submits it for voter approval. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the constituent municipalities must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the Board or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district’s budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (now repealed) also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (CEIFA), (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by a spending growth limitation. CEIFA limited the amount school districts can increase their annual current expenses and capital outlay budgets, defined as a school district's Spending Growth Limitation. Generally, budgets could increase by either 2.5% or the consumer price index, whichever is greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets can also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceed $40,000 per pupil. Waivers are available from the Commissioner based on increasing enrollments and other fairly narrow grounds or by limited approval of the voters at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), further provided limitations on a school district spending by limiting the amount a school district can raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c.62 provides for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that must be approved by the Commissioner.

Although P.L. 2007, c. 62 allows for certain adjustments to the 4% tax levy cap, for increases in enrollment, reductions in certain State aid and increases in health care costs, the bill also grants discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges for sending districts. The Commissioner will have the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 is deemed to supercede the prior limitations on the amount school districts can increase their annual current expenses and capital outlay budgets known as a school district's spending growth limitation amount (the "Spending Growth Limitation").created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 is in effect only through fiscal year 2012 and would have to be extended by legislation if it is to continue. Other wise the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service is not limited either by the Spending Growth Limitations or the 4% Cap on the tax levy increase imposed by Chapter 62.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a Board (and approved by a board of school estimate in a Type I school district), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every Board is required to provide an annual audit of the school district's accounts and financial transactions. A licensed public school accountant must perform the audit no later than four (4) months after the end of the school fiscal year. The audit, in conformity with statutory requirements, must be filed with the Board and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local Board within thirty (30) days following receipt of the annual audit by such Board.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts may not capitalize interest on temporary notes, but must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a kindergarten (K) through grade eight (8) school district, the School District can borrow up to 3% of the average equalized valuation of taxable property in the School District. The School District has not exceeded its 3% debt limit. *See* "APPENDIX A – Debt Limit of the School District."

Exceptions to Debt Limitation

A Type II school district, (other than a regional district), may also utilize its constituent municipality's remaining statutory borrowing power (i.e. the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). The School District has not utilized the Township's borrowing margin. A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements can not exceed five years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L.2000, c. 72, repealed the authorization to enter into facilities leases in excess of five years. The payment of rent on an equipment lease and on a five year and under facilities lease is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA), are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

Energy Saving Obligations

Under P.L. 2009 c. 4, approved January 21, 2009 and effective 60 days thereafter, districts may issue energy savings obligations without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the value of the savings will cover the cost of the measures.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., (P.L. 1975, c. 212) (the "Public School Education Act") (since amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P. L.1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State’s responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., (P.L. 1990, 52) ("QEA") (now repealed), the Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., (P.L.1996, c. 138) (CEIFA) and the Educational Facilities Construction and Financing Act, P.L.2000, c. 72) (“EFCFA”), which became law on July 18, 2000. For the past several years aid was simply determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The most current school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260 approved January 1, 2008 (A500), attempts to remove the special status given to certain districts known as Abbot Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was recently challenged in the New Jersey Supreme Court and the Court held that the State’s plan for school aid is a “constitutionally adequate scheme.”

Notwithstanding over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires, that the State will provide aid for the construction of school facilities (Facilities Aid) in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner of Education either in the form of a grant or debt service aid as determined under the Education Facilities Construction and Financing Act of 2001. The amount of the aid to which a district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Elementary and Secondary Education Act, as amended and restated by the No Child Left Behind Act of 2001, 20 U.S.C.A. § 6301 et seq., is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N. J. S. A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. The average for the last three years, of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of the Township, as annually determined by the State Director of Taxation is $202,536,240.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township has not exceeded its statutory debt limit. As of December 31, 2008, the statutory net debt as a percentage of average equalized valuation was 0.66%. As noted above, the statutory limit is 3 1/2%.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit’s bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year’s required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

Local Budget Law (N. J. S. A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. The Township, which operates on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as any anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the Governing Body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.*)* imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, new legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposes a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the Township's Local School District and the County, the tax rate is struck by the Gloucester County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of $10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statues provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the Gloucester County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey, for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

The financial statements of the Board for the year ended June 30, 2009, are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Triantos and Delp, CPA's, LLC, Vineland, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in Appendix B to this Official Statement. *See* "APPENDIX B - Financial Statements of The Board of Education of the Township of Lawrence in the County of Cumberland, New Jersey".

LITIGATION

To the knowledge of the Board Attorney, Jane Capasso, Esq. of Maple Shade, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the purchaser of the Bonds at the closing.

TAX EXEMPTION

Applicable federal tax law provides that interest on obligations such as the Bonds is not included in gross income for federal income tax purposes only if certain requirements are met. In its Certificate as to Arbitrage and Compliance with the Internal Revenue Code of 1986 (the "Tax Certificate"), which will be delivered in connection with the issuance of the Bonds, the Issuer will make certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds and certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Issuer in the Tax Certificate and assuming compliance by the Issuer with its ongoing covenants the Tax Certificate, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Pursuant to the American Recovery and Reinvestment Tax Act of 2009, interest on the Bonds held by corporate taxpayers is not included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of interest on the Bonds not being included in "adjusted current earnings."

New Jersey Gross Income Tax

In the opinion of McManimon & Scotland, L.L.C., Bond Counsel, to be delivered simultaneously with the delivery of the Bonds, under existing law, interest on the Bonds and any gain on the sale of the Bonds are not includable in gross income under the existing New Jersey Gross Income Tax Act.

Certain Federal Tax Consequences Relating to the Bonds

Although interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Bonds. Each purchaser of the Bonds should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

Bank Qualification

Pursuant to the American Recovery and Reinvestment Tax Act of 2009, the Bonds will be designated as "qualified tax-exempt obligations" under Section 265 of the Code by the Issuer for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

Pursuant to a de minimis safe harbor exception contained in the American Recovery and Reinvestment Act of 2009, certain tax-exempt obligations issued in 2009 and 2010 are not taken into account for purposes of the denial of the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations, up to a maximum amount equal to 2% of the taxpayer's average adjusted bases of all its assets.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE TAX IMPLICATIONS OF OWNERSHIP OF THE BONDS.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Board, including the Bonds, and such Bonds are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to 11 U.S.C. 401, et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Board expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Bonds, by certificates signed by the Board President and Business Administrator/Board Secretary.

All other information has been obtained from sources that the Board considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

The Auditor has participated in the preparation of this Official Statement on behalf of the Board, but has not independently verified the accuracy, completeness or fairness thereof and, accordingly, takes no responsibility and express no opinion with respect thereto.

McManimon & Scotland, L.LC. has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Financial Advisor to the Board with respect to the issuance of the Bonds (the “Financial Advisor”). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

Standard & Poor's, a division of The McGraw Hill Companies (the "Rating Agency") has assigned its underlying municipal bond rating of "A+" to the Bonds. In addition, the Rating Agency has assigned the Bonds an enhanced rating of "AA" based upon the additional security provided by the New Jersey School Bond Reserve Act.

The rating will reflect only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Board furnished to the Rating Agency certain information and materials concerning the Bonds and the Board. There can be no assurance that the rating will continue for any given period of time or that the rating will not be revised downward entirely by the Rating Agency if, in their judgment, circumstances so warrant. Any downward change in, or withdrawal of such rating, may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the Board at a public sale by __________, __________, _______ (the "Underwriter") at a price of $__________. The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields or prices set forth on the front cover page of this Official Statement, which yields or prices may be changed from time to time by the Underwriter without notice.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds into investment trusts) at yields higher than the public offering yields set forth on the cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Board shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 1 of each year, beginning February 1, 2011, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Board consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Board and certain financial information and operating data consisting of (1) Board and overlapping indebtedness including a schedule of outstanding debt issued by the Board; (2) the Board's most current adopted budget; (3) property valuation information; and (4) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) in a timely manner, to EMMA notice of the following events with respect to the Bonds, if material (herein "Material Events"):

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions or events affecting the tax-exempt status of the security;
(7) Modifications to rights of security holders;
(8) Bond calls;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the securities; and
(11) Rating changes.

(c) in a timely manner to EMMA, notice of failure of the Board to provide required annual financial information on or before the date specified in this resolution.

(d) Any filing made pursuant to (a), (b) or (c) above shall be made as required by the Rule to the Municipal Securities Rulemaking Board and to provide such information in an electronic format and accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board or by compliance with any such other procedure as may be authorized by the Securities and Exchange Commission.

In the event that the Board fails to comply with the above-described undertaking and covenants, the Board shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Board from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

There can be no assurance that there will be a secondary market for the sale or purchase of the Bonds. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Board may affect the future liquidity of the Bonds.

The Board previously failed to file its Fiscal Year Ending June 30, 2008 annual financial information as required in accordance with SEC Rule 15c2-12. The Board has subsequently filed the 2008 annual financial information on December 7, 2009. The Board is now in compliance with all existing continuing disclosure agreements in all material respects and has implemented procedures to remedy the oversight.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Lisa DiNovi, Business Administrator/Board Secretary at (856) 447-4409.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one of its authorized officials to the effect that she has examined this Official Statement (including the Appendices) and the financial and other data concerning the School District contained herein and that, to the best of her knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results or operations of the Board except as set forth in or contemplated by the Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

THE BOARD OF EDUCATION OF THE TOWNSHIP OF LAWRENCE IN THE COUNTY OF CUMBERLAND, NEW JERSEY

By: ____

Lisa DiNovi
Business Administrator

APPENDIX A

Economic and Demographic Information Relating to the School District and the Township of Lawrence

GENERAL INFORMATION REGARDING THE SCHOOL DISTRICT

Overview

The School District is governed by the Type II provisions of Title 18A, Education of the New Jersey Statutes.

The School District provides a full range of educational services appropriate to grades Pre-K through 8. These include regular as well as special education for handicapped students. The School District enrollment on October 15, 2007 was 452. For grades 9-12, public school students in Lawrence Township are assigned to one of two school districts determined by the location of their residence. Students attend high school either in Bridgeton or Millville, based on sending/receiving relationships with the respective school districts, the Bridgeton Public Schools and the Millville Public Schools. Students sent to Bridgeton attend Bridgeton High School. Students sent to Millville attend Memorial High School for grades 9 and half of the 10th grade and Millville Senior High School for half of the 10th grade through the 12th grade.

Administration

The Board has five members who are elected for 3-year overlapping terms. The members of the Board are residents of the School District and vote on all matters before the Board. The Board is organized annually on any day of the first or second week following the annual school election.

All board meetings are public and the Board holds a meeting at least once a month during the period in which school is in session.

The general mandatory powers and duties of the Board are:

1. To adopt an official seal;

2. To enforce the rules of the State Board of Education ("State Board");

3. The made, amend and repeal rules, not inconsistent with applicable law or with the rules of the State Board, for its own governance and the transaction of its business and for the governance and management of the public schools and public school property, and for the employment, regulation of conduct and discharge of its employees, subject, where applicable, to the provisions of Title II, Civil Service, of the Revised Statutes; applicable, to the provisions of Title II, Civil Service, of the Revised Statutes;

4. To perform all acts and do all things, consistent with law and the rules of the State Board, necessary for the lawful and proper conduct, equipment and maintenance of the public schools of the district.

The school administration consists of a Superintendent, Chief School Administrator and Assistant Principal. The business administration consists of a Business Administrator/Board Secretary and a Treasurer of School Moneys.

Enrollment

The following table presents the School District's enrollment and average daily attendance since the school year ended June 30, 2004 and every year thereafter.

Fiscal Year Ended June 30	Average Daily Enrollment	Average Daily Attendance	% Change Average Daily Enrollment	Attendance %
2008	449	428	(2.88)%	95.28%
2007	462	448	(3.95)	96.97
2006	481	457	(0.32)	95.03
2005	482	457	3.36	94.57
2004	467	443	3.89	94.88

Facilities and Capacity

The following table outlines inter alia the facilities of the School District and functional capacity thereof.

Name of School	Date Constructed	Renovations/ Additions	Grade Level	Capacity
Myron L. Powell	1885	1960/1965/1999	K-8	578

Employees

The following table provides the number of the instructional and non-instructional personnel employed by the School District from school year 2004 through school year 2008.

School Year Ended June 30	Instructional	Non-Instructional
2008	45	14
2007	45	12
2006	46	11
2005	46	10
2004	45	10

Collective Bargaining Units

The teachers in the District are represented by the Cedarville Teachers Association and are currently under contract with the Board through June 30, 2012.

Vacation, Personal Days and Sick Leave

The current contract allows for 10 paid sick days and 2 paid personal days per year. Sick days may be carried over to subsequent years. Upon retirement, teachers who have accumulated at least 50 unused sick leave days and who have been employed in the district for 15 or more years, shall be paid for unused sick leave days at the rate of 1 days pay for every 5 days of accumulated sick leave within a maximum cap of two ($2,000).

Pension and Retirement Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund ("TPAF") or the Public Employee's Retirement System ("PERS"). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The TPAF retirement system is considered a single employer plan under current statute, all employer contributions are made by the State on behalf of the Board and the system's other related non-contributing employers. The PERS system is considered a cost sharing multiple-employer plan.

The Teachers' Pension and Annuity Fund

The TPAF was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school teachers. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefits generally determined to be 1 /60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the members lacks of attaining age 55).

Public Employees' Retirement System

The PERS was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage, Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 more years of credit service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

CERTAIN INFORMATION REGARDING THE TOWNSHIP AND THE COUNTY OF CUMBERLAND

Overview

Lawrence Township ("Township") is a rural community encompassing 37.35 square miles in Cumberland County, New Jersey. It is bordered on the north by Fairfield Township, on the east by Millville, on the south by Downe Township and on the west by the Delaware Bay. The Township is primarily a farming community with opportunities within its boundaries for industrial employment. The majority of the employed population works outside of the community in the neighboring cities of Bridgeton, Vineland and Millville.

Cumberland County ("County") is situated in the south western portion of the State and encompasses an area of 501.73 square miles. The County consists of 14 municipalities; 3 cities, 10 townships, and one borough. The City of Vineland, which is the State's largest city, is located in the County.

Form of Government

The Township was incorporated in approximately 1892. There is a three member committee with the Mayor being appointed from the committee at the annual reorganization meeting.

The Mayor, as head of the municipal government, is empower to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Township Committee measures deemed in the best interest of the Township; (iii) nominate and, with the advice and consent of the Township Committee, appoint most subordinate officers of the Township; and (iv) maintain peace and order. The Mayor presides over meeting of the Township Committee, and has an equal vote.

The three Committee members are elected at-large, one every year for terms of three years. The Committee exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Township. Among these are the right to enact ordinance, approve resolutions, approve mayoral appointments, and adopt the annual budget. The Committee oversees the various departments and functions of the Township government.

Utilities

There are no water and sewer services. The Township residents have their own wells and septic systems.

Electric services are provided by Atlantic Energy. Gas services are provided by South Jersey Industries.

Public Services

Lawrence Township does not have a local police force. However, the New Jersey State Police Port Norris barracks is located approximately 12 miles away. There is one volunteer fire company in the Township with approximately 40 total members.

The Township does not provide garbage collection. However, the Township does provide a local convenience center where residents may drop off their trash and recyclable items free of charge.

There are various baseball diamonds, soccer and other fields, children's play areas and lakes are located in the Township. The Delaware Bay provides access for fishing and boating activities. Two State owned game preserves in the Township provide several acres of hunting land.

Transportation

Residents have access to Philadelphia, Wilmington, Atlantic City, and the South Jersey beach resorts via nearby Route 40, and Route 55. Traveling time to all above location is less than one hour. Bus transportation, provided by New Jersey Transit, is available to Philadelphia and Atlantic City from the neighboring cities. The Winchester and Western Railroad has a line running through the Township.

County Employees

The County employs the following number of personnel:

Year	Permanent	Part-Time
2008	973	84
2007	973	84
2006	952	142
2005	913	142
2004	906	127
2003	983	72
2002	1,000	73

Source: County of Cumberland

Population

The following table outlines the population of the Township, the County and the State.

Year	Township	County	State
2008 Estimated Federal Census	2,989	154,823	8,724,560
2000 Federal Census	2,721	146,438	8,414,350
1990 Federal Census	2,433	138,053	7,730,188

Employment

The following table outlines certain employment information for the Township, the County and the State.

	Total Labor Force	Employed Labor Force	Total Unemployment	Rate of Unemployment
Lawrence				
2008	1,361	1,260	100	7.4%
2007	1,341	1,266	75	5.6%
2006	1,377	1,293	84	6.1%
2005	1,376	1,301	75	5.5%
2004	1,326	1,248	79	5.9%
Cumberland County				
2008	69,292	63,726	5,566	8.0%
2007	68,485	64,017	4,468	6.5%
2006	70,637	65,775	4,862	6.9%
2005	70,671	66,181	4,491	6.4%
2004	69,044	64,454	4,590	6.6%
New Jersey				
2008	4,496,700	4,251,200	245,500	5.5%
2007	4,462,300	4,271,700	190,600	4.3%
2006	4,477,500	4,269,600	207,900	4.6%
2005	4,416,100	4,218,500	197,600	4.5%
2004	4,358,900	4,144,200	214,700	4.9%

Source: State of New Jersey, Department of Labor and Workforce Development

FINANCIAL INFORMATION

Largest Private Employers

The Township is primarily a residential community. The following table, however, identifies the four (4) largest private employers in the Township.

Company or Organization	Type of Industry	Approximate Number of Employees
Redpack Foods	Food Processing	160
Sheppard Farms	Agriculture	75(seasonal)
Sorentino Farms	Agriculture	50(seasonal)
Level Acre Farms	Agriculture	50(seasonal)

Source: Township of Lawrence

Largest Private Employers in the County

The following table details the 10 largest non-governmental employers in the County of Cumberland as of December 2008.

Company or Organization	Type of Industry	Approximate Number of Employees
South Jersey Hospital System	Health Care	2,581
Wal-Mart	Retail Stores	1,115
Gerresheimer Glass	Glass and Plastic Products	899
Wawa	Retail Convenience Store	748
Elwyn New Jersey	Human Services	730
Durand Glass Manufacturing	Glass Manufacturing	700
ShopRite	Retail Stores	678
General Mills/Progresso	Food Processing	500
Tri-County Community Agency	Community Action Program	500
Seabrook Brothers and Sons	Food Processing	420

Source: County of Cumberland Planning Board

Five Largest Property Taxpayers

The following table outlines the assessed value of the five (5) largest properties within the Township.

Taxpayer	2008 Assessed Valuation	% of Total District Net Assessed Value
Taxpayer 1	$2,684,400	2.28%
Taxpayer 2	1,809,500	1.54
Taxpayer 3	797,709	0.68
Taxpayer 4	436,500	0.37
Taxpayer 5	340,200	0.29

Source: Municipal Tax Assessor

Net Assessed Valuations and Annual Tax Rates

For years 2004 through 2008, the assessed valuation, equalized valuation, tax levy and tax rates for all Township property is provided below:

Year	School District	Township	County	Total	Net Assessed
2008	$1.662	$0.631	$1.720	$4.013	$117,779,054
2007	1.647	0.591	1.568	3.806	115,535,323
2006	1.701	0.571	1.411	3.683	111,311,813
2005	1.578	0.550	1.269	3.397	108,372,677
2004	1.328	0.530	1.083	2.941	105,478,982

Source: Municipal Tax Collector

Trend of Real Property Valuations

The following table details the trend of real property valuations for the years 2004 through 2008.

Year	Aggregate Assessed Valuation of Real Property	Ratio of Assessed to True Value of Real Property	Aggregate True Value of Real Property
2008	$116,982,600	54.86%	$213,249,498
2007	115,535,323	62.90%	183,693,066
2006	111,311,813	73.64%	151,146,719
2005	108,372,677	82.07%	132,046,836
2004	105,478,982	89.51%	117,841,169

Source: Cumberland County Abstract of Ratables

Real Property Classification

The following table outlines real property classification for the years 2008 through 2006.

Use	2008 Assessed Value	2007 Assessed Value	2006 Assessed Value
Vacant	7,933,500	8,298,700	8,738,000
Residential	93,435,500	90,326,300	86,191,800
Farm (regular)	9,064,600	8,687,800	8,480,700
Farm (qualified)	1,212,700	1,200,900	1,178,400
Commercial	2,982,500	2,941,400	2,892,600
Industrial	2,273,800	3,134,900	2,802,500
Apartments	80,000	80,000	80,000
Overall Total	116,982,600	114,670,000	110,364,000

Source: New Jersey Division of Local Government Services, Property Value Classification

Current Tax Collection Records

The following is the tax collection record of the Township for the years 2004 to 2008, inclusive.

Year	Total Tax Levy	Tax Collections	Percentage of Tax Levy Collected
2008	$4,784,216	$4,546,110	95.02%
2007	4,477,734	4,255,171	95.02
2006	4,183,817	3,982,366	95.18
2005	3,749,202	3,516,485	93.79
2004	3,162,680	2,952,493	93.35

Source: Township of Lawrence 2008 Audit Report

Delinquent Taxes and Tax Title Liens

The following table outlines the Township delinquent tax records for the years 2004 to 2008 inclusive.

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2008	$81,563	$225,305	$306,868	6.41%
2007	101,586	215,382	316,968	7.07
2006	93,238	191,504	284,741	6.81
2005	92,604	226,618	319,221	8.51
2004	94,327	208,085	302,412	9.56

Source: Township of Lawrence 2008 Audit Report

Property Acquired by Tax Title Lien Liquidation

The table below lists the amount value of property acquired by tax title liens on December 31, on the basis of the last assessed valuation of such property, by the Township for the years 2004 through 2008.

Year	Amount
2008	$1,677,800
2007	1,681,100
2006	1,609,600
2005	1,707,000
2004	1,874,000

Source: Township of Lawrence 2008 Audit Report

STATEMENT OF INDEBTEDNESS
(AS OF DECEMBER 31, 2008)

Bonds and Notes Issued:	
General	$902,500.00
School District	2,190,000.00
Miscellaneous (Green Trust Loans)	112,146.53
Bonds and Notes Authorized but Not Issued:	
General	$307,467.00
School District	0.00
Miscellaneous (Green Trust Loans)	0.00
Gross Direct Debt	$3,522,113.53
Applicable Deduction for Gross Debt	2,190,000.00
Net Direct Debt	$1,332,113.53

OVERLAPPING DEBT AS OF DECEMBER 31, 2008

County of Cumberland, New Jersey, Total Net Debt	$66,865,710
Net overlapping Debt of School District	
Township of Lawrence (100%)	$1,332,112
County of Cumberland, Township's Share (2.267%)	$1,515,846
Net Overlapping Debt	$2,847,958

TOWNSHIP DEBT RATIOS AND VALUATIONS

Average of Equalized Valuations of Real Property with Improvements for December 31, 2008 (2006-2008)	$202,536,240
Statutory Net Debt as a Percentage of the Average Equalized Valuations of Real Property with Improvements for December 31, 2008	0.66%
2008 Net Valuation Taxable	$116,982,600
2008 Equalized Valuation	$213,249,498

TOWNSHIP BORROWING CAPACITYAS OF DECEMBER 31, 2008

3 1/2 Average (2006-2008) Equalized Valuation of Real Property Including Improvements ($202,536,240):	$7,088,768
Net Debt	1,332,114
Remaining Borrowing Capacity	$5,756,654

SCHOOL DISTRICT BORROWING CAPACITY AS OF JUNE 30, 2009

3% of Average (2006-2008) Equalized Valuation of Real Property Including Improvements ($202,536,240):	$ 6,076,087
Net Debt	2,060,000
Remaining Borrowing Capacity	$4,016,087

APPENDIX B

Financial Statements of The Board of Education of the Township of Lawrence in the County of Cumberland, New Jersey

T&D
Triantos & Delp
CERTIFIED PUBLIC ACCOUNTANTS, LLC

MEMBERS:
- American Institute of Certified Public Accountants
- New Jersey Society of Certified Public Accountants

Wayne H. Triantos, CPA
Samuel A. Delp, Jr., CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lawrence Township School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lawrence Township School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Lawrence Township School District Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated August 14, 2009 on our consideration of the Lawrence Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 32 through 39 and 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

645 South Main Road, Vineland, NJ 08360 • Phone (856) 691-9544 • (856) 691-6403 • Fax (856) 691-0427

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawrence Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Samuel A. Delp, Jr.

Samuel A. Delp, Jr.
Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

August 14, 2009

REQUIRED SUPPLEMENTARY INFORMATION–PART I

LAWRENCE TOWNSHIP BOARD OF EDUCATION
225 Main Street
Cedarville, NJ 08311
Phone (856) 447-4409 Fax (856) 447-0521

Thomas Smith x500
Interim Superintendent

Lisa M. DiNovi x569
Business Administrator / Board Secretary

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lawrence Township Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities that the 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.

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

Figure A-1
Major Features of District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements: Governmental Funds	Fund Financial Statements: Proprietary Funds	Fund Financial Statements: Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenues expenditures, and changes in fund balances	-Statement of net assets -Statement of revenues, expenses, and changes in fund net assets -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified Accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability Information	All assets and liabilities both financial and capital, short-term and long term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; CCBOVE's funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during the 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 revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the type 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.

District-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall 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 building and other facilities.

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

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

Fund Financial Statements

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

- Some funds are required by State Law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like completing approved capital projects) or to show that it is properly using certain revenues (like federal grants).

The District has four kinds of funds:

- *Governmental Fund* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with 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.
- In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- *Internal service funds* (the other kind of proprietary fund) are utilized to report activities that provide supplies and services for the District's other programs and activities and for other Districts (student transportation). LTBOE currently has internal service funds for shared Business services and the 21st Century Community Learning Centers Program Grant Consortium for which LTBOE is the lead district.
- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (in thousands)

Net assets. The District's *combined* net assets are $3,611 on June 30, 2009 (see Table A-1). Approximately 4% of the total net assets are from business-type activities. The balance of the total net assets, 96%, are attributed to governmental activities.

Changes in net assets. The District's total revenues are $9,887 for the fiscal period ending June 30, 2009 (see Table A-2). Property taxes and state formula aid accounted for 86% of the District's revenue. 10 % is derived from state and federal aid for specific programs, and the remainder, 4% from fees charged for services and miscellaneous resources.

The District's expenses are predominantly related to educating and caring for students 61%. The purely administrative activities of the District accounted for 6% of total costs. Salary increases due to contractual agreements for teachers and other educational staff are included in the instruction-related costs.

Governmental Activities

Revenues for the District's governmental activities amounted to $9,553. Total expenses amounted to $9,085. The increase in net assets in governmental activities was $468 for 2009.

Business-type Activities

Revenues of the District's business-type activities amounted to $334, and expenses were $296. Factors contributing to these results included:

- Food Services: Contracted Service
- The internal service fund for shared business services provided $39 in revenues in excess of expenses

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (in thousands)

The strong financial performance of the District as a whole is primarily reflected in its governmental funds. As the district completed the year, its governmental funds reported *combined* balances of $1,583. Interest income fell short of the amounts anticipated in the 2009 budget. The District controlled expenditures resulting in increased fund balance as well.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were for the following purpose:

- To reduce appropriation due to reduction of state aid revenue
- To appropriate additional state aid revenue
- Transfers between budgetary line accounts to prevent overruns

The District's final budget anticipated utilizing $607 in fund balance and $78 of prior year encumbrances to fund the appropriation plan for this fiscal period. Actual operations resulted in an increase in the general fund balance of $169.

Actual expenditures for capital outlay amounted to $152 in the Operating Fund and $5 in the Special Revenue Fund. These amounts included the repayment of $23 of existing capital lease principal payments.

CAPITAL ASSET AND DEBT ADMINISTRATION (in thousands)

Capital Assets

By the end of 2009, the District had invested 6.2 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audiovisual equipment, and administrative offices. (see Table A-3) (more detailed information about capital assets can be found in Note 6 to the financial statements.) Total depreciation expense for the year was $165 while building improvements and additions to equipment and furniture amounted to $165.

Long-term Debt

At year end, the District had outstanding bonds in the amount of $2,060 and capital leases payable of $0. (More detailed information about long term debt can be found in Note 9 to the financial statements.)

The state limits the amount of general obligation debt the District can issue to 3% of the equalized valuation of all taxable property within the District. The current limit is $6,070 of which $4,016 is available for the issuance of the debt.

During the 2007-08 school year, the District issued refunding bonds in the amount of $2,345. The proceeds of the refunding bonds were used to repay the Districts 1998 bond issue.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district has experienced an enrollment increase and many classes are crowded. This phenomenon is compounded by the fact that the district has no additional classroom space and temporary classrooms for students have become necessary. The significant increase predicted in the near future will no doubt have a negative bearing on the integrity of the school district's budget.

To compound the situation, 15-30 new homes are being built in the district per year along with the ever-changing transient students within the district

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 Lisa M. DiNovi, School Business Administrator, Lawrence Township Board of Education, 225 Main Street, Cedarville, NJ 08311.

Table A-1
Lawrence Township Board of Education's Net Assets
(in thousands of dollars)

	Governmental Activities 2008	Governmental Activities 2009	Business-type Activities 2008	Business-type Activities 2009	Total School District 2008	Total School District 2009	Total Percentage Change 2008-2009
Current and Other Assets	$ 323	$ 1,099	$ 93	$ 130	$ 416	$ 1,229	195.4%
Noncurrent Assets	1,520	847	-	-	1,520	847	-44.3%
Capital Assets	3,885	3,884	9	10	3,894	3,894	0.0%
Total Assets	$ 5,728	$ 5,830	$ 102	$ 140	$ 5,830	$ 5,970	2.4%
Current Liabilities	$ 545	$ 383	$ -	$ -	$ 545	$ 383	-29.7%
Noncurrent Liabilities	2,145	1,976	-	-	2,145	1,976	-7.9%
Total Liabilities	$ 2,690	$ 2,359	$ -	$ -	$ 2,690	$ 2,359	-12.3%
Net Assets							
Invested in Capital Assets Net of Related Debt	$ 1,672	$ 1,824	$ 9	$ 10	$ 1,681	$ 1,834	9.1%
Restricted	1,208	820	-	-	1,208	820	-32.1%
Unrestricted	158	827	93	130	251	957	281.3%
Total Net Assets	$ 3,038	$ 3,471	$ 102	$ 140	$ 3,140	$ 3,611	15.0%

Table A-2
Lawrence Township Board of Education's
Changes in Net Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Revenues							
Program Revenues							
Charges for Sevices	$ 97	$ 129	$ 152	$ 138	$ 249	$ 267	7.2%
Federal & State Categorical Grants	1,016	838	168	196	1,184	1,034	-12.7%
General Revenues							
Property Taxes	1,958	1,956	-	-	1,958	1,956	-0.1%
State Formula Aid	5,643	6,576	-	-	5,643	6,576	16.5%
Other	160	54	-	-	160	54	-66.3%
Total Revenues	$ 8,874	$ 9,553	$ 320	$ 334	$ 9,194	$ 9,887	7.5%
Expenses							
Instruction - Related	$ 2,805	$ 3,014	$ -	$ -	$ 2,805	$ 3,014	7.5%
Student Support Services	729	2,449	226	296	955	2,745	187.4%
Maintenance & Operations	663	491	-	-	663	491	-25.9%
Transportation	591	685	-	-	591	685	15.9%
Administration	556	569	-	-	556	569	2.3%
Other	3,445	1,877	48		3,493	1,877	-46.3%
Total Expenses	$ 8,789	$ 9,085	$ 274	$ 296	$ 9,063	$ 9,381	3.5%
Increase/ (decrease) in Net Assets	$ 85	$ 468	$ 46	$ 38	$ 131	$ 506	286.3%

Table A-3
Lawrence Township Board of Education's Capital Assets
(Net of Depreciation)
(in thousands of dollars)

	Governmental Activities 2008	Governmental Activities 2009	Business-type Activities 2008	Business-type Activities 2009	Total School District 2008	Total School District 2009	Total Percentage Change 2008-2009
Land	$ -	$ -	$ -	$ -	$ -	$ -	0.0%
Construction in Progress	-	5	-	-	-	5	100.0%
Site Improvements	44	44	-	-	44	44	0.0%
Buildings & Improvements	3,639	3,645	-	-	3,639	3,645	0.2%
Machinery & Equipment	202	186	9	14	211	200	-5.2%
Total	$ 3,885	$ 3,880	$ 9	$ 14	$ 3,894	$ 3,894	0.0%

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

EXHIBIT A-1

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 718,410.	$ 77,882.	$ 796,292.
Receivables, net	380,897.	46,692.	427,589.
Inventory		5,894.	5,894.
Total Current Assets	1,099,307.	130,468.	1,229,775.
Noncurrent Assets:			
Bond issuance costs, net	26,508.		26,508.
Restricted Assets:			
Cash and cash equivalents	515,669.		515,669.
Capital reserve account - cash	304,557.		304,557.
Capital assets, net	3,884,001.	9,620.	3,893,621.
Total Noncurrent Assets	4,730,735.	9,620.	4,740,355.
Total Assets	5,830,042.	140,088.	5,970,130.
LIABILITIES:			
Current liabilities:			
Accounts payable	59,529.		59,529.
Payable to federal government	35,451.		35,451.
Deferred revenue	111,372.		111,372.
Accrued interest	27,252.		27,252.
Current portion of long term liabilities	149,000.		149,000.
Total Current Liabilities	382,604.	0.	382,604.
Noncurrent liabilities:			
Bonds payable	1,920,000.		1,920,000.
Accrued compensated absences	56,596.		56,596.
Total noncurrent liabilities	1,976,596.	0.	1,976,596.
Total liabilities	2,359,200.	0.	2,359,200.
NET ASSETS:			
Investment in capital assets, net of related debt	1,824,001.	9,620.	1,833,621.
Restricted for:			
Debt service	22,494.		22,494.
Capital projects	304,557.		304,557.
Other purposes	493,175.		493,175.
Unrestricted	826,615.	130,468.	957,083.
Total Net Assets	$ 3,470,842.	$ 140,088.	$ 3,610,930.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT A-2

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular	$ 2,371,354.	$	$	$	$(2,371,354.)	$	$(2,371,354.)
Special education	395,900.				(395,900.)		(395,900.)
Other special instruction	217,338.				(217,338.)		(217,338.)
Other instruction	24,381.				(24,381.)		(24,381.)
Adult continuing education program	4,874.				(4,874.)		(4,874.)
Support services:							
Tuition	2,057,425.				(2,057,425.)		(2,057,425.)
Student & instruction related services	391,387.				(391,387.)		(391,387.)
School administrative services	171,838.				(171,838.)		(171,838.)
General and business admin services	397,286.				(397,286.)		(397,286.)
Plant operations & maintenance	491,254.				(491,254.)		(491,254.)
Pupil transportation	685,201.				(685,201.)		(685,201.)
Employee benefits	1,236,924.		374,529.		(862,395.)		(862,395.)
Interest on long-term debt	85,223.				(85,223.)		(85,223.)
Internal service fund	553,327.	129,100.	463,102.		38,875.		38,875.
Amortization of debt issuance cost	1,964.				(1,964.)		(1,964.)
Total governmental activities	9,085,676.	129,100.	837,631.	0.	(8,118,945.)	0.	(8,118,945.)
Business-type activities:							
Food service	246,602.	102,478.	195,885.			51,761.	51,761.
Child care	49,051.	35,246.				(13,805.)	(13,805.)
Total business-type activities	295,653.	137,724.	195,885.	0.	0.	37,956.	37,956.
Total primary government	$ 9,381,329.	$ 266,824.	$ 1,033,516.	$ 0.	$(8,118,945.)	$ 37,956.	$(8,080,989.)
	General Revenues:						
	Taxes:						
	Prop taxes levied for gen purposes net				$ 1,879,691.	$	$ 1,879,691.
	Taxes levied for debt service				76,201.		76,201.
	Federal and state aid not restricted				5,402,553.		5,402,553.
	Federal and state aid restricted				1,174,252.		1,174,252.
	Tuition received				5,808.		5,808.
	Investment earnings				13,759.		13,759.
	Miscellaneous income				34,571.		34,571.
	Total general revenues, special items, and transfers				8,586,835.	0.	8,586,835.
	Change in net assets				467,890.	37,956.	505,846.
	Net assets - beginning				3,038,403.	102,132.	3,140,535.
	Prior year adjustment				(35,451.)		(35,451.)
	Net assets - ending				$ 3,470,842.	$ 140,088.	$ 3,610,930.

See Accompanying Notes to the Basic Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

LAWRENCE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Assets:						
Cash and cash equivalents	$ 1,082,255.	$	$	$ 22,494.	$	$ 1,104,749.
Due from other funds	200,861.					200,861.
Receivable from other governments	48,083.	332,813.				380,896.
Capital reserve	304,557.					304,557.
Total assets	$ 1,635,756.	$ 332,813.	$ 0.	$ 22,494.	$ 0.	$ 1,991,063.
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	$ 16,307.	$ 31,107.	$	$	$	$ 47,414.
Interfund payable		220,411.				220,411.
Payable to federal government	35,451.					35,451.
Deferred revenue		104,586.				104,586.
Total liabilities	51,758.	356,104.	0.	0.	0.	407,862.
Fund Balances:						
Reserved for:						
Encumbrances	43,175.					43,175.
Maintenance reserve	200,000.					200,000.
Emergency reserve	250,000.					250,000.
Capital reserve	304,557.					304,557.
Excess surplus	719,694.					719,694.
Excess surplus designated for sub years' expenditures	250,918.					250,918.
Unreserved reported in:						
General fund	(184,346.)					(184,346.)
Special revenue fund		(23,291.)				(23,291.)
Debt service fund				22,494.		22,494.
Total fund balances	1,583,998.	(23,291.)	0.	22,494.	0.	1,583,201.
Total liabilities and fund balances	$ 1,635,756.	$ 332,813.	$ 0.	$ 22,494.	$ 0.	

Amounts reported for *government 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 $6,207,321. and the accumulated depreciation is $2,327,250. (See Note)	$ 3,880,071.
Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note)	(2,125,596.)
Internal service fund net assets	133,910.
Bond issuance costs, net	26,508.
Accrued interest on bonds payable	(27,252.)
Net assets of governmental activities	$ 3,470,842.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-2

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local sources:						
Local tax levy	$ 1,879,691.	$	$	$ 76,201.	$	$ 1,955,892.
Tuition charges	5,808.					5,808.
Interest earned	13,759.					13,759.
Miscellaneous	27,562.	7,009.				34,571.
Total local sources	1,926,820.	7,009.		76,201.		2,010,030.
State sources	5,777,082.	238,918.		140,755.		6,156,755.
Federal sources		794,579.				794,579.
Total revenues	7,703,902.	1,040,506.	0.	216,956.	0.	8,961,364.
EXPENDITURES:						
Current:						
Regular instruction	1,783,852.	497,942.				2,281,794.
Special education instruction	379,616.					379,616.
Other special instruction	217,338.					217,338.
Other instruction	24,381.					24,381.
Adult continuing education instruct.	4,874.					4,874.
Support services:						
Tuition	1,619,122.	438,303.				2,057,425.
Student & instruction related services	391,387.					391,387.
School administrative services	150,669.					150,669.
Other administrative services	225,662.					225,662.
Central services	150,455.					150,455.
Plant operations and maintenance	476,599.					476,599.
Pupil transportation	685,201.					685,201.
Employee benefits	1,133,589.	93,800.				1,227,389.
Debt service:						
Principal	22,657.			130,000.		152,657.
Interest and other charges				86,956.		86,956.
Capital outlay	152,461.	5,426.				157,887.
Total expenditures	7,417,863.	1,035,471.	0.	216,956.	0.	8,670,290.
Excess (deficiency) of revenues over exp.	286,039.	5,035.	0.	0.	0.	291,074.
Net change in fund balances	286,039.	5,035.				291,074.
Fund balance - July 1	1,333,410.	(28,326.)		22,494.		1,327,578.
Prior year adjustment	(35,451.)					(35,451.)
Fund balance - June 30	$ 1,583,998.	$(23,291.)	$ 0.	$ 22,494.	$ 0.	$ 1,583,201.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-3

LAWRENCE TOWNSHIP SCHOOL DISTRICT
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Total net changes in fund balances - governmental funds (from B-2)		$ 291,074.
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	(162,837.)	
Capital outlays	157,887.	(4,950.)
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.		
Principal paid on bonds	130,000.	
Principal paid on lease purchase	22,657.	152,657.
Decrease in accrued interest		1,733.
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Proceeds of long-term debt	0.	
Capital lease proceeds	0.	0.
Bond issue costs are reported in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.		0.
Amortization of bond issuance cost		(1,964.)
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 (+).		(9,535.)
Increase in internal service fund		38,875.
Change in net assets of governmental activities		$ 467,890.

See Accompanying Notes to the Basic Financial Statements

PROPRIETARY FUNDS

EXHIBIT B-4

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-Type Activities Enterprise Fund			Governmental Activities
	Food Service	Latchkey Program	Total Enterprise	Internal Service Fund
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 93,626.	$(15,744.)	$ 77,882.	$ 129,330.
Accounts receivable:				
State	1,644.		1,644.	
Federal	31,809.		31,809.	
Other	12,893.	346.	13,239.	
Due from special revenue fund				19,551.
Inventories	5,894.		5,894.	
Total current assets	145,866.	(15,398.)	130,468.	148,881.
Noncurrent assets:				
Furniture, machinery & equipment	58,914.		58,914.	4,367.
Less accumulated depreciation	(49,294.)		(49,294.)	(437.)
Total noncurrent assets	9,620.	0.	9,620.	3,930.
Total assets	$ 155,486.	$(15,398.)	$ 140,088.	$ 152,811.
LIABILITIES:				
Current liabilities:				
Accounts payable	$	$	$	$ 12,115.
Deferred revenue				6,786.
Total current liabilties	0.	0.	0.	18,901.
NET ASSETS:				
Invested in capital assets net of related debt	9,620.		9,620.	3,930.
Unrestricted	145,866.	(15,398.)	130,468.	129,980.
Total net assets	$ 155,486.	$(15,398.)	$ 140,088.	$ 133,910.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-5

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities
	Food Service Fund	Latchkey Program	Total Enterprise	Internal Service Fund
Operating revenues:				
Charges for services:				
Daily sales-reimbursable programs	$ 37,342.	$	$ 37,342.	$
Daily sales-nonreimbursable pgms	25,377.		25,377.	
Charges for services	39,759.	35,246.	75,005.	129,100.
Federal sources				463,102.
Total operating revenues	102,478.	35,246.	137,724.	592,202.
Operating expenses:				
Cost of sales	133,157.		133,157.	
Salaries and fringe benefits	77,919.	42,747.	120,666.	287,814.
Purchased services				234,872.
Transportation		2,700.	2,700.	
Travel				4,102.
General supplies	14,229.	3,604.	17,833.	23,655.
Depreciation	1,823.		1,823.	437.
Miscellaneous	6,648.		6,648.	2,447.
Management fee	12,826.		12,826.	
Total operating expenses	246,602.	49,051.	295,653.	553,327.
Operating income/(loss)	(144,124.)	(13,805.)	(157,929.)	38,875.
Nonoperating revenues (expenses):				
State sources:				
State school breakfast program	3,767.		3,767.	
State school lunch program	4,968.		4,968.	
Federal sources:				
National school breakfast program	61,650.		61,650.	
National school lunch program	108,436.		108,436.	
National afterschool snack	3,887.		3,887.	
Food distribution program	13,177.		13,177.	
Total nonoperating revenues (expenses)	195,885.	0.	195,885.	0.
Change in net assets	51,761.	(13,805.)	37,956.	38,875.
Total net assets - beginning	103,725.	(1,593.)	102,132.	95,035.
Total net assets - ending	$ 155,486.	$(15,398.)	$ 140,088.	$ 133,910.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-6

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities
	Food Service Fund	Latchkey Program	Total Enterprise	Internal Service Fund
CASH FLOWS FROM OPERATING ACT.				
Receipts from other governments	$	$	$	$ 490,141.
Receipts from customers/grantors	62,719.	35,236.	97,955.	129,100.
Payments to suppliers	(233,665.)	(6,305.)	(239,970.)	(280,828.)
Payments to employees		(42,747.)	(42,747.)	(265,847.)
Other receipts/(payments)	35,594.		35,594.	
Net cash provided by (used for) oper act	(135,352.)	(13,816.)	(149,168.)	72,566.
CASH FLOWS FROM NON-CAPITAL FIN. ACTIVITIES:				
State sources	14,420.		14,420.	
Federal sources	142,547.		142,547.	
Net cash provided by (used for) non-capital financing activities	156,967.	0.	156,967.	0.
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of interfund loan				(33,904.)
Purchase of equipment	(2,838.)		(2,838.)	(4,367.)
Net cash provided by financing activities	(2,838.)	0.	(2,838.)	(38,271.)
Net increase (decrease) in cash and cash equivalents	18,777.	(13,816.)	4,961.	34,295.
Balances-beginning of year	74,849.	(1,928.)	72,921.	95,035.
Balances-end of year	$ 93,626.	$(15,744.)	$ 77,882.	$ 129,330.
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$(144,124.)	$(13,805.)	$(157,929.)	$ 38,875.
Adjust to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and net amortization	1,823.		1,823.	437.
Federal commodities	13,177.		13,177.	
(Increase)/decrease in accts receivabales, net	(4,166.)	(11.)	(4,177.)	20,253.
(Increase)/decrease in inventories	(2,062.)		(2,062.)	
(Increase)/decrease in interfund receivable				(650.)
(Increase)/decrease in accounts payable				6,865.
Increase/(decrease) in deferred revenue				6,786.
Total adjustments	8,772.	(11.)	8,761.	33,691.
Net cash provided by (used for) oper activities	$(135,352.)	$(13,816.)	$(149,168.)	$ 72,566.

See Accompanying Notes to the Basic Financial Statements

FIDUCIARY FUNDS

EXHIBIT B-7

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Unemployment Compensation Trust	Agency Fund	Student Activity
ASSETS:			
Cash and cash equivalents	$ 4,383.	$ 4,364.	$ 29,676.
Due from Agency	1,674.		
Total assets	$ 6,057.	$ 4,364.	$ 29,676.
LIABILITIES:			
Due to student groups	$	$	$ 29,676.
Due to payroll withholdings		2,690.	
Due to unemployment		1,674.	
Total liabilities	0.	$ 4,364.	$ 29,676.
NET ASSETS:			
Held in trust for unemployment claims and other purposes	$ 6,057.		

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-8

LAWRENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan member	$ 4,748.
Board contribution	4,606.
Total contributions	9,354.
DEDUCTIONS:	
Unemployment claims	9,029.
Total deductions	9,029.
Change in net assets	325.
NET ASSETS - JULY 1	5,732.
NET ASSETS - JUNE 30	$ 6,057.

See Accompanying Notes to the Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS

Lawrence Township School District
Notes to the Financial Statements
June 30, 2009

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Lawrence Township School District is a Type II district located in the County of Cumberland, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three year terms. The purpose of the district is to educate students in grades K-8. The Lawrence Township School District had an approximate enrollment at June 30, 2009 of 472 students.

The primary criterion for including activities within the District's reporting entity, as set forth in section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

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

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

B. Basic Financial Statements-District-Wide Statements:

The District's basic financial statements include both district-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the district-wide and fund financial statements categorize primary activities as either governmental or business type.

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

The district-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity.

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

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
C. Basic Financial Statements-Fund Financial Statements:

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

The following fund types are used by the District:

GOVERNMENTAL FUNDS

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

General Fund: The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

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

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

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
C. Basic Financial Statements-Fund Financial Statements (Continued):

PROPRIETARY FUNDS

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

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

The District's Enterprise funds are comprised of the Food Service Fund, the latchkey after school and summer camp programs.

Internal Service Fund: A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of an LEA, or to other LEAs, on a cost-reimbursement basis.

The District's Internal Service Fund consists of a consortium for 21st Century CLC grant funds, for which Lawrence Township is a lead district, and the furnishing of shared business services to other LEAs.

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 statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 years

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The following is a description of the fiduciary funds of the District:

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Continued)

Unemployment Compensation Trust: The Unemployment Compensation Trust Fund consists of assets that the District has reserved for possible future unemployment claims.

Agency Funds: Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

D. Basis of Accounting:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using economic resources measurement focus as defined below.

In fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus as appropriate.

- All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

- The proprietary fund utilized an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

- Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the district-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting: (Continued)

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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 District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

All proprietary funds utilized the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made no supplemental budgetary appropriations during the year by appropriating additional fund balance.

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

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

Lawrence Township School District
Notes to the Financial Statements
June 30, 2009

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control: (Continued)

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary) "revenues"	$ 8,032,935.	$ 1,031,532.
State aid payment recognized for GAAP statements in the current year previously recognized for budgetary purposes.	197,354.	7,999.
State Aid Payment not recognized for GAAP purposes until the subsequent year.	(526,387.)	(4,060.)
Adjust for Encumbrances:		
Add Prior Year Encumbrances	N/A	28,326.
Less Current Year Encumbrances	N/A	(23,291.)
Total Revenues (GAAP Basis)	$ 7,703,902.	$ 1,040,506.
Uses/outflows of resources		
Actual amounts (budgetary) "total outflows"	$ 7,453,314.	$ 1,031,532.
Adjustments:		
Add Prior Year Encumbrances	N/A	7,999.
Less Current Year Encumbrances	N/A	(4,060.)
Total Expenditures (GAAP Basis)	$ 7,453,314.	$ 1,035,471.

F. 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 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.

G. Cash, Cash Equivalents and Investments:

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

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments: (Continued)

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

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

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

H. Tuition Receivable:

The District did not receive any tuition students from other districts during 2008-2009. Tuition charges for parent paid tuition students were established by the Board of Education.

I. Tuition Payable:

Tuition charges for the fiscal year 2008-2009 is based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

J. Inventories:

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2009.

K. Short-Term Interfund Receivables/Payables:

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

L. Fixed Assets:

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in the governmental fund operations, or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-wide Statements

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, as determined by an independent appraisal company. Donated fixed assets are valued at their estimated fair market value on the date received.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fixed Assets: (Continued)

District-wide Statements (Continued)

Depreciation of all exhaustible fixed assets is recorded as allocated expenses in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Land Improvements	20 years
Building & Building Improvements	50 years
Machinery & Equipment	5-20 years

Fund Financial Statements

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the district-wide statements.

M. Compensated Absences:

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

The liability for these compensated absences is recorded as long-term debt in the district-wide statements. In the fund financial statements, governmental funds report only the compensated absences that are expected to be liquidated with expendable available financial resources, while the proprietary fund reports the liability as it is incurred.

N. Deferred Revenue:

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

O. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, and accrued compensated absences.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE 2.CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Deposits:

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

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

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

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

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

Investments:

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

a.) Bonds or other obligations of the United States or obligations guaranteed by the United States.
b.) Bonds or any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
c.) Bonds or other obligations of the school district.

NOTE 2.CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments: (Continued)

As of June 30, 2009 cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	$1,654,941.
Total	$1,654,941.

During the period ended June 30, 2009 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2009 was $1,654,941. and the bank balance was $1,887,046. Of the bank balance, $250,000. was covered by federal depository insurance and $1,637,046. was covered by a collateral pool as required by New Jersey statutes.

NOTE 3.CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Lawrence Board of Education by the inclusion of $500. on October 5, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.* 19:60-2. Pursuant to *N.J.A.C.* 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, 2008 to June 30, 2009 fiscal year is as follows:

Beginning Balance, July 1, 2008	$177,720.
Interest earnings	2,025.
Deposits – Approved at April, 2008 election	24,812.
Approved by Board of Education Resolution June 11, 2009	100,000.
Withdrawals	0.
Ending balance, June 30, 2009	$304,557.

The June 30, 2009 LRFP balance of local support costs of uncompleted capital projects at June 30, 2009 is $3,825,000. There were no withdrawals from the capital reserve for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 4.MAINTENANCE RESERVE ACCOUNT

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C.* 6A:23-2.14) or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both.

The activity of the maintenance reserve for the July 1, 2008 to June 30, 2009 year is as follows:

Beginning Balance July 1, 2008	$ 0.
Deposits:	
Approved at the April, 2008 Election	200,000.
Withdrawals	0.
Ending balance June 30, 2009	$200,000.

The June 30, 2009 maximum maintenance reserve amount is $311,237.

NOTE 5.EMERGENCY RESERVE

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

The activity of the emergency reserve for the July 1, 2008 to June 30, 2009 year is as follows:

Beginning Balance July 1, 2008	$100,000.
Deposits:	
Approved at the April, 2008 Election	150,000.
Withdrawals	0.
Ending balance June 30, 2009	$250,000

Lawrence Township School District
Notes to the Financial Statements
June 30, 2009

NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Land	$	$	$	$
Construction in Progress		5,000.		5,000.
Total Capital Assets not being Depreciated:	0.	5,000.	0.	5,000.
Bldg & Bldg Improvements	4,364,208.	103,789.		4,467,997.
Site Improvements	70,084.	2,850.		72,934.
Machinery & Equip.	1,615,142.	46,248.		1,661,390.
Totals at Historical Cost	6,049,434.	152,887.	0.	6,202,321.
Less: Accum Deprec for:				
Bldg & Bldg Improvements	(725,302.)	(97,405.)		(822,707.)
Site Improvements	(25,786.)	(3,438.)		(29,224.)
Machinery & Equip	(1,413,325.)	(61,994.)		(1,475,319.)
Total Accum Deprec	(2,164,413.)	(162,837.)	0.	(2,327,250.)
Total Capital Assets being Depreciated net of Accum Depreciation	3,885,021.	(9,950.)	0.	3,875,071.
Governmental Activities Capital Assets, net	$ 3,885,021.	$(4,950.)	$0.	$3,880,071.
Business-type Activities:				
Equipment	$56,076.	$7,206.	$	$63,282.
Less Accum Dep for:				
Equipment	(47,471.)	(2,260.)		(49,731.)
Business-type Activ Capital Assets, net	$8,605.	$4,946.	$0.	$13,551.

***Depreciation Expense was Charged to Governmental Functions as Follows:**

Instruction:	
Regular	$(89,560.)
Special Education	(16,284.)
Support Services:	
School Administration	(21,169.)
General and Business Administrative Services	(21,169.)
Plant Operations and Maintenance	(14,655.)
Total Depreciation Expense	$(162,837.)

Lawrence Township School District
Notes to the Financial Statements
June 30, 2009

NOTE 7.INVENTORY

Inventory in the Food Service Fund at June 30, 2009 consisted of the following:

Food and Supplies	$3,234.
Commodities	2,660.
	$5,894.

For value of Federal donated commodities as reflected on Schedule A, The Schedule of Expenditures of Federal Awards is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 8.OPERATING LEASES

The District had commitments to lease various office equipment under operating leases which are on various terms. Total operating lease payments made during the year ended June 30, 2009 were $35,446. Future minimum lease payments are as follows:

June 30, 2010	$ 26,425.
June 30, 2011	24,935.
June 30, 2012	16,497.
June 30, 2013	9,352.
June 30, 2014	4,565.
Total	$ 81,774.

NOTE 9.GENERAL LONG-TERM DEBT

Type of Debt	Balance June 30, 2008	Issued	Retired	Balance June 30, 2009	Amounts Due Within 1 Year
Governmental Activities:					
Obligations under capital leases	$ 22,657.	$	$ 22,657.	$	$
Compensated absences payable	56,061.	15,159.	5,624.	65,596.	9,000.
Bonds payable	2,190,000.		130,000.	2,060,000.	140,000.
	$2,268,718.	$15,159.	$158,281.	$2,125,596.	$149,000.

The District has no long-term debt to be repaid from business-type activities.

A.Bonds Payable:

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

On December 27, 2007, the District issued School Refunding Bonds in the amount of $2,345,000. in order to refund all or a portion of the outstanding callable school bonds of the Board of Education originally issued in the principal amount of $3,137,000 and dated March 1, 1998. The 1998 bonds are redeemable at the option of the Board of Education in whole or in part with a 30 day notice of redemption at a price of 100% of the principal amount thereof.

NOTE 9.GENERAL LONG-TERM DEBT (Continued)
A.Bonds Payable: (Continued)

The $2,345,000. Refunding Bonds included issuance costs of $29,454. $2,296,225. was used to retire bonds from the 1998 issue and $19,321. was returned to the District. The gross debt service savings to the District is $95,645. and the economic benefit to the District is estimated to be $77,042.

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

	Principal	Interest	Total
Year ending June 30,			
2010	$ 140,000.	$ 81,756.	$ 221,756.
2011	140,000.	76,156.	216,156.
2012	150,000.	70,906.	220,906.
2013	145,000.	65,656.	210,656.
2014	155,000.	59,856.	214,856.
2015-2019	805,000.	204,080.	1,009,080.
2020-2023	525,000.	47,031.	572,031.
Total	$2,060,000.	$605,441.	$2,665,441.

B.Bonds Authorized But Not Issued:

As of June 30, 2009, the Board had no authorized but not issued bonds.

C.Capital Leases Payable:

The District leased an HVAC system and an energy management system (lighting retrofit) under capital leases. The capital leases are for terms of either five, or ten 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, 2008.

Year	Amount
2009	$ 23,639.
Total minimum lease payments	23,639.
Less: Amount representing interest	982.
Present value of net minimum lease Payments	$ 22,657.

NOTE 10.PENSION PLANS

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

NOTE 10.PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the systems' other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

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

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

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

NOTE 10.PENSION PLANS (Continued)

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2009	$ 38,298.	0%	$ 38,298.
June 30, 2008	33,320.	20%	26,656.
June 30, 2007	25,521.	40%	15,313.

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

Year Funding	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2009	$ 165,683.	100%	$ 0.
June 30, 2008	332,720.	100%	0.
June 30, 2007	310,829.	100%	0.

During the fiscal year ended June 30, 2009, the State of New Jersey contributed $165,683. to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $208,846. during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 11.POST RETIREMENT BENEFITS

P.L. 1987 c.384 and 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 post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

NOTE 11.POST RETIREMENT BENEFITS (Continued)
The State made post-retirement (PRM) contributions of $592.7 million for TPAF and $224.3 million for PERS in fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in fiscal year 2008.

NOTE 12.DEFERRED COMPENSATION:
The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning, Inc.
Metropolitan
American Express

NOTE 13.CONTINGENT LIABILITIES

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

NOTE 14.RISK MANAGEMENT:

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2008-2009	$ 4,606.	$ 4,748.	$ 9.029.	$ 6,057.
2007-2008	12,500.	5,765.	15,125.	5,732.
2006-2007	5,000.	5,252.	14,713.	2,592.

Lawrence Township School District
Notes to the Financial Statements
June 30, 2009

NOTE 15.INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2009.

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 200,861.	$
Special Revenue Fund		220,411.
Internal Service Fund	19,550.	
	$ 220,411.	$ 220,411.

The amount due to the Internal Service Fund from the Special Revenue Fund represents funds paid by the Internal Service Fund for Special Revenue Fund expenditures. This amount will be repaid upon receipt of grant monies by the Special Revenue Fund. The amount due from the Special Revenue Fund to the General Fund represents the cash deficit in the Special Revenue Fund due to delays in receiving grant funds.

The remaining balances resulted from the time lag between the dates that:

1. The interfund transactions occur;
2. Transactions are recorded in the accounting system; and
3. Payments between funds are made.

NOTE 16.COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2009, a liability existed for compensated absences in the Food Service Fund in the amount of $0.

Lawrence Township School District
Notes to the Financial Statements
June 30, 2009

NOTE 17.FUND BALANCE APPROPRIATED

General Fund - Of the $1,583,998. General Fund balance at June 30, 2009, $43,175. is reserved for encumbrances; $970,612. is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 ($250,918. of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010); $304,557. has been reserved in the Capital Reserve Account; $200,000. has been reserved in a Maintenance Reserve account; $250,000. has been reserved in the Emergency Reserve Fund: $66,808. has been appropriated and included as anticipated revenue for the year ending June 30, 2010; and $(251,154.) is unreserved and undesignated.

Debt Service Fund – Of the $22,949. Debt Service Fund fund balance at June 30, 2009 of $22,493. has been appropriated and included as anticipated revenue for the year ending June 30, 2010 and $1. is unreserved and undesignated.

NOTE 18.CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.* 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009 is $970,612.

NOTE 19.DEFICIT FUND BALANCES

The District has a deficit fund balance of $23,291. in the Special Revenue Fund as of June 30, 2009 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, 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 bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district can not recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the Special Revenue Fund balance deficit does not alone indicate that the 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 payment(s) 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 District deficit in the GAAP funds statements of $23,291. is equal to the last state aid payments.

NOTE 20.OTHER INFORMATION – PRIOR YEAR ADJUSTMENT

As of June 30, 2008, the District was appealing a decision from the New Jersey Department of Education which declined a waiver to carryover unspent Title I funds from the 2005-2006 grant in excess of 15%. The District's appeal was not successful and a refund of $35,451. is due from the District's general fund. A liability has been recorded in the District's general fund and a corresponding adjustment to the District's general fund balance was made.

APPENDIX C

Form of Approving Legal Opinion

McMANIMON & SCOTLAND, L.L.C.

ATTORNEYS AT LAW

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__________, 2009

The Board of Education of the
Township of Lawrence in the
County of Cumberland, New Jersey

Dear Board Members:

We have examined a record of proceedings relating to the issuance of $2,216,000 School Bonds (the "Bonds") of The Board of Education of the Township of Lawrence in the County of Cumberland, a school district of the State of New Jersey (the "Board of Education"). The Bonds are dated January 21, 2010, mature in the principal amounts on September 1 in each of the years and bear interest payable semiannually on the first days of March and September in each year, commencing September 1, 2010 until maturity or earlier redemption at the rates per annum described on the following schedule:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2011	$115,000		2018	$160,000	
2012	120,000		2019	165,000	
2013	130,000		2020	175,000	
2014	135,000		2021	180,000	
2015	140,000		2022	190,000	
2016	145,000		2023	200,000	
2017	155,000		2024	206,000	

The Bonds are subject to redemption prior to their stated maturities as set forth therein.

The Bonds will be issued in the form of one certificate for each year of maturity registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education on August 13, 2009 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on September 29, 2009 and (iii) a resolution duly adopted by the Board of Education on December 10, 2009. The Bonds are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c.72 , approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligation of the Board of Education and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable property within the school district without limitation as to rate or amount.

The Board of Education has covenanted to comply with any continuing requirements that may be necessary to preserve tax exemption under the Internal Revenue Code of 1986, as amended (the "Code"). In the event that the Board of Education continuously complies with its covenant and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education, it is our opinion that interest on the Bonds is not included in gross income for federal income tax purposes under current law and is not an item of tax preference to be included in calculating the alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed on individuals and corporations. Pursuant to the American Recovery and Reinvestment Tax Act of 2009, interest on the Bonds held by corporate taxpayers is <u>not</u> <u>included</u> in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of interest on the Bonds <u>not</u> being included in "adjusted current earnings." We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,