

SCHOOL DISTRICT  
OF  
**STERLING  
HIGH**



Sterling High School District  
Somerdale, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2008

**Comprehensive Annual  
Financial Report**

**of the**

**Sterling High Board of Education**

**Somerdale, New Jersey**

**For the Fiscal Year Ended June 30, 2008**

**Prepared by  
Sterling High Board of Education  
Finance Department**

# STERLING HIGH SCHOOL DISTRICT

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**Introductory Section**

**STERLING HIGH SCHOOL DISTRICT**  
801 PRESTON AVENUE • SOMERDALE, NEW JERSEY 08083-2175

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Joseph S. Giambri, Sr.  
Board Secretary

October 1, 2008

Honorable President and  
Members of the Board of Education  
Sterling High School District  
Somerdale, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Sterling High School District for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and as supplemented and amended in 1996, and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** Sterling High School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Sterling High School Board of Education and its school constitute the District's reporting entity.

The District provides the following services:

- 9 - 12 regular education
- Remedial services for at risk students
- Special Education programs and related services as indicated in the Ind. Ed Plan (IEP) and required by N.J.A.C. 6:28
- Transportation services for Vocational and Special Education students
- Tuition for the out of district special education students 9 - 12.
- Pride Program for students in grades 9 - 12.

2. **ECONOMIC CONDITION AND OUTLOOK:** The Sterling High School area is experiencing little development in housing and should not have any significant impact on the school.
3. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

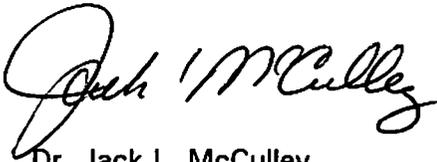
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year.

4. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups and was switched to CSI on July 1. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
5. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
6. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, student accident insurance, worker's compensation and fidelity bonds. The majority of our insurance is through the School Alliance Insurance Fund, a joint insurance fund.
7. **OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Sterwart was appointed by the Board during our reorganization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as supplemented and amended in 1996, and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial

statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

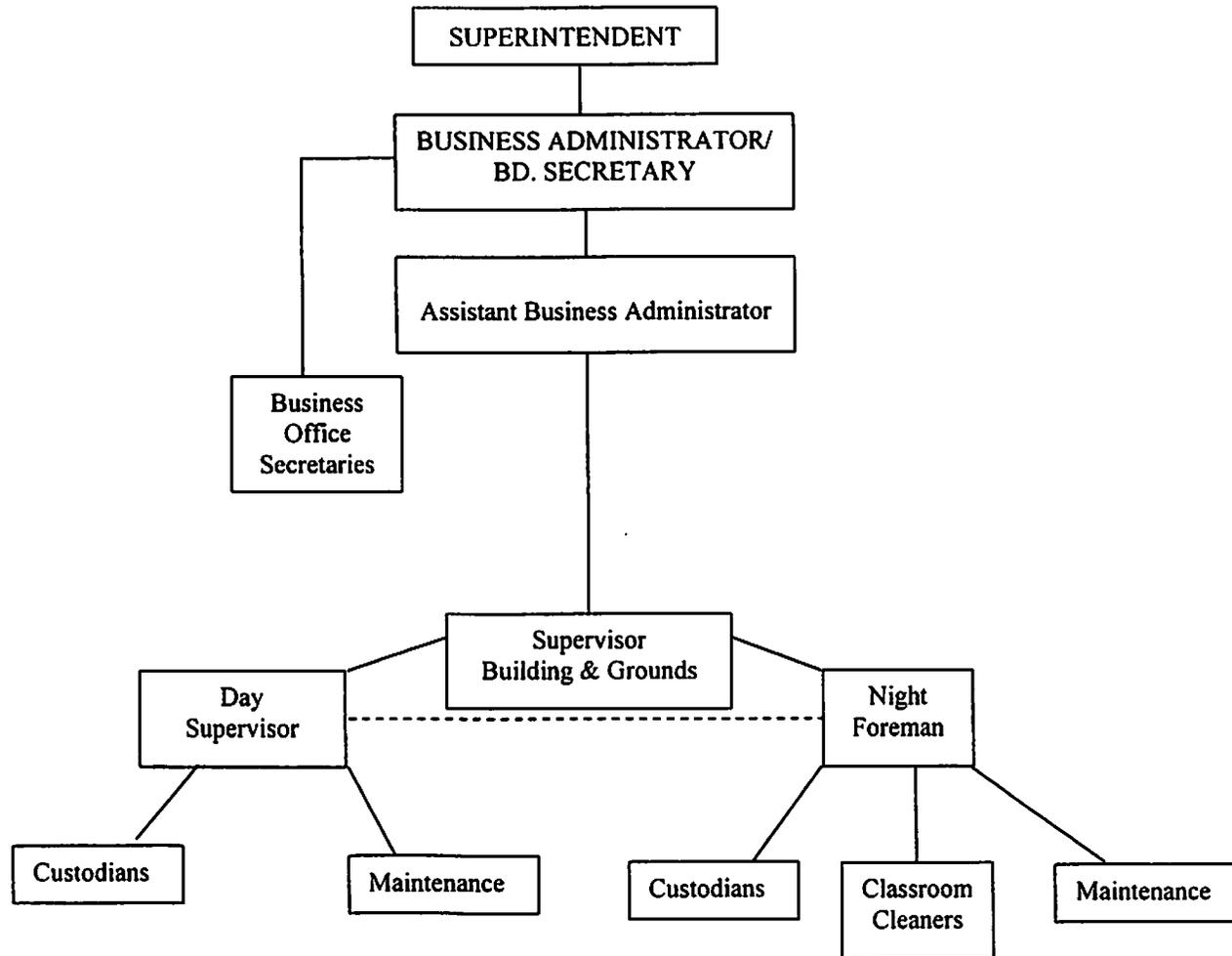


Dr. Jack L. McCulley  
Superintendent



Kathleen E. Forsythe  
Board Secretary

**DIVISION OF BUSINESS & FINANCE ORGANIZATION CHART**



5

**STERLING HIGH SCHOOL DISTRICT  
Somerdale, New Jersey**

**Roster of Officials  
June 30, 2008**

**Members of the Board of Education:**

**Term Expires**

James Camburn, President	2010
Leslie Caramiello, Vice President	2010
John Volosin	2011
Barbara Okeson-Brandt	2009
William E. Hughes	2010
Ed McGowan	2011
Anthony Campbell	2009
Maureen Murphy	2011
John Rigaut	2009

Michael Caccia

Laurel Springs Representative

**Other Officials:**

Jack L. McCulley, Superintendent  
Kathleen Forsythe, Board Secretary/Business Administrator  
John D. Keenan, Treasurer

**STERLING HIGH SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Inverso & Stewart, LLC  
12000 Lincoln Drive West, Suite 402  
Marlton, NJ 08053

**Attorney**

Ron Sahli, Esq.  
1145 S. White Horse Pike  
P.O. Box 601  
Hammonton, NJ 08037-0601

**Official Depository**

Commerce Bank  
Sovereign Bank

**Financial Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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New Jersey Society of CPAs

## **Independent Auditor's Report**

The Honorable President and Members  
of the Board of Education  
Sterling High School District  
County of Camden  
Somerdale, 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 Sterling High School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sterling High School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Sterling High School District, in the County of Camden, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2008 on our consideration of the Sterling High School District'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's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert A. Stewart  
Public School Accountant

Marlton, New Jersey  
August 29, 2008

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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

The Honorable President and Members  
of the Board of Education  
Sterling High School District  
County of Camden  
Somerdale, New Jersey

We have audited the financial statements of the Board of Education of the Sterling High School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated August 29, 2008. 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.

### **Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

**Compliance and Other Matters**

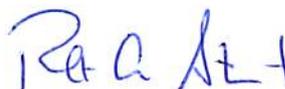
As part of obtaining reasonable assurance about whether the Sterling High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

However, we noted certain matters that we reported to the Board of Education of the Sterling High School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated August 29, 2008.

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

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants

A handwritten signature in blue ink that reads "Robert A. Stewart".

Robert A. Stewart  
Public School Accountant

Marlton, New Jersey  
August 29, 2008

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

**Sterling High School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008**

As management of the Board of Education of the Sterling High School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$4,930,791 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$148,097. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by \$1,184,166, or a 31.6% increase from the prior fiscal year-end balance. The majority of the increase is attributable to the repayment of long-term debt obligations in the amount of \$500,000 and the contribution of \$677,915 from the south jersey technology program for construction of the administration/concession stand building.
- Fund balance of the School District's governmental funds increased by \$232,348 resulting in an ending fund balance of \$686,820.
- Business-type activities have unrestricted net assets deficit of \$447,896. The primary cause for the deficit is the South Jersey Technology Program contribution towards the construction project.
- The School District's long-term obligations decreased by \$500,000 which is the result of current year payments on existing debt obligations.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the School District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the operations of the South Jersey Technology Program and the Food Service Fund.

## Fund Financial Statements

*Fund financial statements* are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's two enterprise funds (South Jersey Technology Program and Food Service Fund) are listed individually and are considered to be major funds.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

### **District-wide Financial Analysis**

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2008. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2008.

The assets of the primary government activities exceeded liabilities by \$4,032,342 with an unrestricted deficit balance of \$148,097. As mentioned earlier, the deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net assets of the primary government do not include internal balances.

A net investment of \$3,574,030 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 1047 public school students, represents 88.6% of the School District's net assets. Net assets of \$606,409 have been restricted as follows:

Reserved for future budget appropriation	\$	284,602
Reserved for encumbrances		282,391
Designated for the 2008/09 budget		28,159
Future capital projects		11,256
Debt service		1

**Sterling High School District  
Comparative Summary of Net Assets  
As of June 30, 2008 and 2007**

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current assets	\$ 828,592	\$ 704,455	\$ 1,175,047	\$ 578,852	\$ 2,003,639	\$ 1,283,307
Capital assets	9221,030	9,517,531	1,346,345	182,217	10,567,375	9,699,748
<b>Total assets</b>	<b>10,049,622</b>	<b>10,221,986</b>	<b>2,521,392</b>	<b>761,069</b>	<b>12,571,014</b>	<b>10,983,055</b>
<b>Liabilities:</b>						
Current Liabilities	612,832	701,996	1,622,943	626,233	2,235,775	1,328,229
Noncurrent Liabilities	5,404,448	5,908,201			5,404,448	5,908,201
<b>Total liabilities</b>	<b>6,017,280</b>	<b>6,610,197</b>	<b>1,622,943</b>	<b>626,233</b>	<b>7,640,223</b>	<b>7,236,430</b>
<b>Net assets</b>	<b>\$ 4,032,342</b>	<b>\$ 3,611,789</b>	<b>\$ 898,449</b>	<b>\$ 134,836</b>	<b>\$ 4,930,791</b>	<b>\$ 3,746,625</b>

**Sterling High School District  
Comparative Summary of Net Assets  
As of June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	2008	2007	2008	2007	2008	2007
Net assets consist of:						
Invested in capital						
Assets	\$ 3,574,030	\$ 3,370,531	\$ 1,346,345	\$ 182,217	\$ 4,920,375	\$ 3,552,748
Restricted net assets	606,409	372,881			606,409	372,881
Unrestricted net assets	<u>(148,097)</u>	<u>(131,623)</u>	<u>(447,896)</u>	<u>(47,381)</u>	<u>(595,993)</u>	<u>(179,004)</u>
Net assets	<u>\$ 4,032,342</u>	<u>\$ 3,611,789</u>	<u>\$ 898,449</u>	<u>\$ 134,836</u>	<u>\$ 4,930,791</u>	<u>\$ 3,746,625</u>

**Sterling High School District  
Comparative Schedule of Changes in Net Assets  
As of and for the Fiscal Year Ended June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues						
Charges for services			\$ 6,037,559	\$ 3,809,862	\$ 6,037,559	\$ 3,809,862
Operating grants and						
Contributions	\$ 2,247,807	\$ 2,160,492	75,807	55,267	2,323,614	2,215,759
General Revenues:						
Property Taxes	7,610,057	7,443,786			7,610,057	7,443,786
Unrestricted State Aid	4,934,711	4,752,180			4,934,711	4,752,180
Tuition	2,110,599	2,006,401			2,110,599	2,006,401
Other Revenues	57,785	145,850	550	137,948	58,335	283,798
Contributions			<u>577,915</u>		<u>577,915</u>	
Total Revenues	<u>16,960,959</u>	<u>16,508,709</u>	<u>6,691,831</u>	<u>4,003,077</u>	<u>23,652,790</u>	<u>20,511,786</u>

**Sterling High School District  
Comparative Schedule of Changes in Net Assets  
As of and for the Fiscal Year Ended June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	2008	2006	2008	2006	2008	2006
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	\$ 7,018,181	\$ 6,738,544			\$ 7,018,181	\$ 6,738,544
Tuition	735,708	829,074			735,708	829,074
Related Services	1,390,855	1,183,653			1,390,855	1,183,653
Administrative Services	1,142,112	1,072,532			1,142,112	1,072,532
Operations and Maintenance	2,088,289	1,983,835			2,088,289	1,983,835
Transportation	354,507	297,047			354,507	297,047
Unallocated benefits	3,431,311	3,268,370			3,431,311	3,268,370
Interest on long-term Debt	290,004	312,882			290,004	312,882
Other	89,439	311,518			89,439	311,518
<b>Business-Type Activities:</b>						
Food Service			\$ 368,644	\$ 322,282	\$ 368,644	322,282
SJ Technology Service Program			5,559,574	3,502,405	5,559,574	3,502,405
<b>Total Expenses</b>	<u>16,540,406</u>	<u>15,997,455</u>	<u>5,928,218</u>	<u>3,824,687</u>	<u>22,468,624</u>	<u>19,822,142</u>
<b>Increase in net assets</b>						
Before transfers	420,553	511,254	763,613	178,390	1,184,166	689,644
Transfers		169,257		(169,257)		
<b>Changes in net assets</b>	<u>420,553</u>	<u>680,511</u>	<u>763,613</u>	<u>9,133</u>	<u>1,184,166</u>	<u>689,644</u>
Prior Year Adjustment		322,632				322,632
Net assets, July 1,	<u>3,611,789</u>	<u>2,608,646</u>	<u>134,836</u>	<u>125,703</u>	<u>3,746,625</u>	<u>2,734,349</u>
Net assets, June 30,	<u>\$ 4,032,342</u>	<u>\$ 3,611,789</u>	<u>\$ 898,449</u>	<u>\$ 134,836</u>	<u>\$ 4,930,791</u>	<u>\$ 3,746,625</u>

**Governmental Activities**

Governmental activities increased the net assets of the School District by \$420,553 during the current fiscal year, thereby accounting for most of the total increase in the net assets of the School District. Key elements of the increase in net assets for governmental activities are as follows:

- Property tax revenue increased by \$166,271, operating grants and contributions increased by \$87,315 and tuition revenue increased by \$104,198.
- Total governmental activities expenses increased \$542,951 or a 3.39% increase.

## **Business-type Activities**

Business-type activities increased the School District's net assets by \$763,613. The majority of this increase came from the South Jersey Technology Program expending funds for the building program and the contribution from the capital projects fund towards this project.

## **Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$686,820, an increase of \$232,348 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unreserved fund balance for the General Fund of \$81,353 and an unreserved deficit fund balance of \$942 for the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital outlay expenditures (\$11,256), 2) appropriated as a revenue source in the subsequent year's budget (\$28,159), 3) reserved for future appropriation in accordance with state statutes (\$284,602) and 4) reserved for encumbrances (\$282,391).

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last state aid payment as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects a deficit fund balance of \$942, as a result of the accounting treatment for the last state aid payment. See the notes to the basic financial statements for further clarification of this treatment. Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

## General Fund Budgetary Highlights

There is no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$314,417, while total fund balance (budgetary basis) was \$871,576. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$15,284,495. Unreserved fund balance (budgetary basis) represents 2.05% of expenditures while total fund balance (budgetary basis) represents 5.70% of that same amount.

## Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2008, totaled \$10,567,375 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was \$867,627, or a 8.9% increase. The increase is primarily due to the capital projects program incurred in the enterprise fund offset by depreciation expense.

### Sterling High School District Capital Asset (net of accumulated depreciation) June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Land	\$ 322,480	\$ 322,480			\$ 322,480	\$ 322,480
Construction in Progress		263,940				263,940
Site Improvements	414,241	207,491			414,241	207,491
Buildings and Building						
Improvements	8,023,532	8,316,885	\$ 1,110,990		9,134,522	8,316,885
Equipment	405,897	343,069	235,355	\$ 182,217	641,252	525,286
Vehicles	54,880	63,666			54,880	63,666
Net assets	<u>\$ 9,221,030</u>	<u>\$ 9,517,531</u>	<u>\$ 1,346,345</u>	<u>\$ 182,217</u>	<u>\$ 10,567,375</u>	<u>\$ 9,699,748</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

**Long-term debt** – During the fiscal year ended June 30, 2008, the School District had total bonded debt outstanding of \$5,647,000 backed by the full faith and credit of the School District.

General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments.

The School District continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$36,045,654 and the legal debt margin was \$30,398,654.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The Sterling High School area has been economically stable the last few years. Stratford has UMDNJ as a non profit entity that is looking to expand. Somerdale is currently working on redeveloping Lion Heads Plaza and is planning to build some low income housing. Below are some economic factors being considered during our budget preparation:

- The additional state aid due to the new funding formula has enabled us to keep the taxes level in one town and a slight reduction in the other two towns. We have a negotiated settlement with the teachers that include a 4.5% salary increase. Salaries and benefits comprise the majority of our operating budget.
- Cash flow with the timing of receiving taxes, tuition, state aid and grant monies, create uncertain times at the end of each month, particularly at the end of the year.
- Since there are no new tax ratables in our constituent districts, maintaining existing programs will be our main goal in order to give our students the best possible education.
- New educational programs will be considered. However, they may have to replace existing programs in order to maintain some economic balance.
- The Sterling Board of Education and district administration are committed to work within the boundary of the rules and regulations to provide a quality education to the residents of Hi-Nella, Laurel Springs, Magnolia, Somerdale and Stratford. Our standard operating procedures and our internal controls will ensure continual success in today's uncertain economic environment.

### **Requests for Information**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sterling High School District Business Administrator, 501 S. Warwick Road, Somerdale, New Jersey, 08083, telephone number (856) 784-3545.

**Basic Financial Statements**

## District-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Elimination's have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business type activities of the District.

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 596,612		\$ 596,612
Receivables, net	154,431	\$ 1,163,717	1,318,148
Restricted assets:			
Cash and cash equivalents	11,256		11,256
Inventory		11,330	11,330
Deferred bond issuance costs - net	66,293		66,293
Capital assets, net (Note 4)	<u>9,221,030</u>	<u>1,346,345</u>	<u>10,567,375</u>
<b>Total Assets</b>	<u>10,049,622</u>	<u>2,521,392</u>	<u>12,571,014</u>
<b>LIABILITIES:</b>			
Cash and cash equivalents overdraft		594,283	594,283
Accounts payable	1,651	1,028,660	1,030,311
Deferred revenue	73,828		73,828
Accrued interest payable	22,353		22,353
Noncurrent liabilities (Note 6):			
Due within one year	515,000		515,000
Due beyond one year	<u>5,404,448</u>		<u>5,404,448</u>
<b>Total Liabilities</b>	<u>6,017,280</u>	<u>1,622,943</u>	<u>7,640,223</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	3,574,030	1,346,345	4,920,375
Restricted for:			
Debt service	1		1
Capital projects	11,256		11,256
Other purposes	595,152		595,152
Unrestricted	<u>(148,097)</u>	<u>(447,896)</u>	<u>(595,993)</u>
<b>Total Net Assets</b>	<u>\$ 4,032,342</u>	<u>\$ 898,449</u>	<u>\$ 4,930,791</u>

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

STERLING HIGH SCHOOL DISTRICT  
Statement of Activities  
For the Fiscal Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets	Governmental		Business-Type		Total
	Activities	Activities	Activities	Activities	
Program Revenues	Operating Grants and Contributions	Operating Grants and Contributions	Operating Grants and Contributions	Operating Grants and Contributions	
Charges for Services	Charges for Services	Charges for Services	Charges for Services	Charges for Services	
Expenses	Expenses	Expenses	Expenses	Expenses	
Governmental activities:	Instruction:	Regular	5,357,079	\$	5,357,079
	Special Education	834,121			834,121
	Other Instruction	826,981			826,981
	Support Services:				
	Tuition	735,708			735,708
	Student & instruction related services	1,390,855	84,997		1,390,855
	General administrative services	441,250			441,250
	School administrative services	356,932			356,932
	Central services	343,930			343,930
	Plant operations and maintenance	2,088,289			2,088,289
	Pupil transportation	354,507			354,507
	Unallocated employee benefits	3,431,311	1,495,013		3,431,311
	Interest on long-term debt	290,004	385,245		290,004
	Unallocated depreciation and amortization	89,439			89,439
	Total governmental activities	16,540,406	2,247,807		16,540,406
Business-Type Activities:	South Jersey Technology Program	5,559,574	\$	5,770,674	5,559,574
	Food Service	368,644			368,644
	Total Business-Type Activities	5,928,218	6,037,559		5,928,218
Total primary government		\$ 22,468,624	\$ 6,037,559	\$ 2,323,614	\$ 22,468,624
General Revenues:	Taxes:	Property taxes, levied for general purposes, net	7,203,319		7,203,319
		Taxes levied for debt service	406,738		406,738
		Federal and State aid not restricted	4,934,711		4,934,711
		Tuition received	2,110,599		2,110,599
		Investment Earnings	367	550	917
		Miscellaneous Income	57,418		57,418
		Contributions		577,915	577,915
		Transfers			
Total general revenues, special items, extraordinary items and transfers		14,713,152	578,465		15,291,617
Change in Net Assets		420,553	763,613		1,184,166
Net Assets - June 30, 2007		3,611,789	134,836		3,746,625
Net Assets - June 30, 2008		\$ 4,032,342	\$ 898,449		\$ 4,930,791

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

## Fund Financial Statements

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

**STERLING HIGH SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

<b>ASSETS</b>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 510,035	\$ 86,576		\$ 1	\$ 596,612
Receivables, net	118,872	35,559			154,431
Restricted cash and cash equivalents	11,256				11,256
<b>Total Assets</b>	<u>\$ 640,163</u>	<u>\$ 122,135</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 762,299</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,651				\$ 1,651
Deferred revenues		\$ 73,828			73,828
<b>Total Liabilities</b>	<u>1,651</u>	<u>73,828</u>			<u>75,479</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Capital Projects	11,256				11,256
Encumbrances	233,142	49,249			282,391
Excess Surplus	284,602				284,602
Unreserved	81,353	(942)		\$ 1	80,412
Unreserved - designated for subsequent year's expenditures	28,159				28,159
<b>Total Fund Balances</b>	<u>638,512</u>	<u>48,307</u>		<u>1</u>	<u>686,820</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 640,163</u>	<u>\$ 122,135</u>	<u>\$ -</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,737,312 and the accumulated depreciation is \$8,516,282. 9,221,030

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 66,293

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:

General Obligation Bonds	\$ (5,647,000)	
Accrued Interest Payable	(22,353)	
Compensated Absences Payable	<u>(272,448)</u>	
		<u>(5,941,801)</u>

Net assets of governmental activities \$ 4,032,342

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

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 7,203,319			\$ 406,738	\$ 7,610,057
Tuition	2,110,599				2,110,599
Interest earned on capital reserve	367				367
Miscellaneous	57,418				57,418
<b>Total local sources</b>	<b>9,371,703</b>			<b>406,738</b>	<b>9,778,441</b>
State sources	6,429,724	\$ 18,790		385,245	6,833,759
Federal sources		398,008			398,008
<b>Total Revenues</b>	<b>15,801,427</b>	<b>416,798</b>		<b>791,983</b>	<b>17,010,208</b>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	4,771,335	282,552			5,053,887
Special education instruction	834,121				834,121
Other instruction	826,981				826,981
Support services and undistributed costs:					
Tuition	735,708				735,708
Student & instruction related services	1,305,858	84,997			1,390,855
General administrative services	420,397				420,397
School administrative services	356,932				356,932
Central services	323,077				323,077
Plant operations and maintenance	1,811,534				1,811,534
Pupil transportation	354,507				354,507
Unallocated employee benefits	3,431,311				3,431,311
Capital outlay	112,734		333,833		446,567
Debt service:					
Principal				500,000	500,000
Interest and other charges				291,983	291,983
<b>Total Expenditures</b>	<b>15,284,495</b>	<b>367,549</b>	<b>333,833</b>	<b>791,983</b>	<b>16,777,860</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>516,932</b>	<b>49,249</b>	<b>(333,833)</b>		<b>232,348</b>
Other Financing Sources (Uses):					
Transfer in			333,833		333,833
Transfers out	(333,833)				(333,833)
<b>Total Other Financing Sources (Uses)</b>	<b>(333,833)</b>		<b>333,833</b>		
<b>Net Change in Fund Balance</b>	<b>183,099</b>	<b>49,249</b>			<b>232,348</b>
Fund Balance - July 1, 2007 (Deficit)	455,413	(942)		1	454,472
<b>Fund Balance - June 30, 2008</b>	<b>\$ 638,512</b>	<b>\$ 48,307</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 686,820</b>

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

**STERLING HIGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

Total net change in fund balances - governmental funds (from B-2)		\$ 232,348
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in the governmental funds as expenditures. However, on 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 current fiscal year.</p>		
Depreciation expense	\$ (417,065)	
Fixed asset additions	<u>120,564</u>	(296,501)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
General Obligation Bonds		500,000
<p>Bond issuance costs are reported in the governmental fund as expenditures in year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(6,026)
<p>Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Compensated Absences	(11,247)	
Accrued Interest	<u>1,979</u>	
		<u>(9,268)</u>
Change in net assets of governmental activities		<u>\$ 420,553</u>

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

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>South Jersey Technology Program Fund</b>	<b>Total</b>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 40,874		\$ 40,874
Intergovernmental receivables:			
State	294		294
Federal	5,150		5,150
Other	1,651	\$ 1,156,622	1,158,273
Inventories	11,330		11,330
<b>Total current assets</b>	<u>59,299</u>	<u>1,156,622</u>	<u>1,215,921</u>
<b>Noncurrent assets:</b>			
Machinery and equipment (net of accumulated depreciation)	137,390 (39,236)	1,385,698 (137,507)	1,523,088 (176,743)
<b>Total noncurrent assets</b>	<u>98,154</u>	<u>1,248,191</u>	<u>1,346,345</u>
<b>Total Assets</b>	<u>157,453</u>	<u>2,404,813</u>	<u>2,562,266</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Cash overdraft		635,157	635,157
Accounts payable	57,645	971,015	1,028,660
<b>Total current liabilities</b>	<u>57,645</u>	<u>1,606,172</u>	<u>1,663,817</u>
<b>NET ASSETS:</b>			
Invested in capital assets	98,154	1,248,191	1,346,345
Unrestricted (Deficit)	1,654	(449,550)	(447,896)
<b>Total Net Assets</b>	<u>\$ 99,808</u>	<u>\$ 798,641</u>	<u>\$ 898,449</u>

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

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>South Jersey Technology Program Fund</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
<b>Charges for Services:</b>			
Daily sales:			
Reimbursable programs	\$ 88,666		\$ 88,666
Non-reimbursable programs	178,219		178,219
Program fees		\$ 5,770,674	5,770,674
<b>Total Operating Revenue</b>	<b>266,885</b>	<b>5,770,674</b>	<b>6,037,559</b>
<b>Operating Expenses:</b>			
Salaries and fringe benefits	116,860	1,228,591	1,345,451
Management fee	20,530		20,530
Supplies and materials	7,238		7,238
Maintenance and repairs		28,394	28,394
Other costs	8,649	8,970	17,619
Depreciation	19,618	42,709	62,327
Cost of sales	195,749	4,250,910	4,446,659
<b>Total Operating Expenses</b>	<b>368,644</b>	<b>5,559,574</b>	<b>5,928,218</b>
<b>Operating Income (Loss)</b>	<b>(101,759)</b>	<b>211,100</b>	<b>109,341</b>
<b>Non-Operating Revenues:</b>			
State sources:			
State school lunch program	3,795		3,795
Federal sources:			
National school lunch program	64,236		64,236
Food distribution program	7,776		7,776
Local sources:			
Interest earned	550		550
<b>Total Non-Operating Revenues</b>	<b>76,357</b>		<b>76,357</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(25,402)</b>	<b>211,100</b>	<b>185,698</b>
<b>Contribution of capital assets</b>		<b>577,915</b>	<b>577,915</b>
<b>Changes in Net Assets</b>	<b>(25,402)</b>	<b>789,015</b>	<b>763,613</b>
<b>Net Assets - July 1, 2007</b>	<b>125,210</b>	<b>9,626</b>	<b>134,836</b>
<b>Net Assets - June 30, 2008</b>	<b>\$ 99,808</b>	<b>\$ 798,641</b>	<b>\$ 898,449</b>

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

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>South Jersey Technology Program Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 266,885	\$ 5,347,843	\$ 5,614,728
Cash payments to employees for services	(116,860)	(1,228,591)	(1,345,451)
Cash payments to suppliers for goods and services	<u>(185,879)</u>	<u>(3,504,516)</u>	<u>(3,690,395)</u>
Net Cash Provided by (used for) Operating Activities	<u>(35,854)</u>	<u>614,736</u>	<u>578,882</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from state sources	3,634		3,634
Cash received from federal sources	68,904		68,904
Operating transfer in			
Net Cash Provided by (used for) Noncapital Financing Activities	<u>72,538</u>		<u>72,538</u>
<b>Cash Flows Used by Capital and Related Financing Activities:</b>			
Purchase of Equipment		<u>(648,540)</u>	
<b>Cash Flow Provided by Investing Activities:</b>			
Interest on Cash Equivalents	<u>550</u>		<u>550</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,234	(33,804)	651,970
Cash and Cash Equivalents - July 1, 2007	<u>3,640</u>	<u>(601,353)</u>	<u>(597,713)</u>
Cash and Cash Equivalents - June 30, 2008	<u>\$ 40,874</u>	<u>\$ (635,157)</u>	<u>\$ 54,257</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (101,759)	\$ 211,100	\$ 109,341
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for) Operating Activities:			
Depreciation	19,618	42,709	62,327
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	23,050	(422,831)	(399,781)
(Increase) decrease in inventories	(5,888)		(5,888)
Increase (decrease) in accounts payable	<u>29,125</u>	<u>783,758</u>	<u>812,883</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (35,854)</u>	<u>\$ 614,736</u>	<u>\$ 578,882</u>
<b>Noncash Noncapital Financing Activities:</b>			
During the year the School District received \$7,776. of food commodities from the U.S. Department of Agriculture.			

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

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2008**

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>	
<b>ASSETS:</b>			
Cash and cash equivalents	<u>\$ 44,133</u>	<u>\$ 8,661</u>	<u>\$ 267,756</u>
 Total Assets	 <u>44,133</u>	 <u>8,661</u>	 <u>\$ 267,756</u>
 <b>LIABILITIES:</b>			
Payroll deductions and withholdings			\$ 74,886
Due to employees			71,241
Due to student groups			<u>121,629</u>
 Total Liabilities			 <u>\$ 267,756</u>
 <b>NET ASSETS:</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 44,133</u>		
 Reserved for scholarships		<u>\$ 8,661</u>	

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

**STERLING HIGH SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2008**

	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS:</b>		
Contributions:		
Employee	\$ 21,731	
Employer	40,000	
Total Contributions	<u>61,731</u>	
Investment earnings:		
Interest	<u>2,173</u>	\$ 398
Net investment earnings	<u>2,173</u>	<u>398</u>
Total Additions	<u>63,904</u>	<u>398</u>
<b>DEDUCTIONS:</b>		
Unemployment claims	86,694	
Scholarships awarded		589
Total Deductions	<u>86,694</u>	<u>589</u>
Change in Net Assets	(22,790)	(191)
Net Assets - July 1, 2007	<u>66,923</u>	<u>8,852</u>
Net Assets - June 30, 2008	<u>\$ 44,133</u>	<u>\$ 8,661</u>

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

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

## **1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

### **Description of Reporting Entity**

The Sterling High School District (District) is a Type II school district located in the County of Camden, State of New Jersey and covers an area of approximately three square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for all students in grades 9 through 12 that live in the Borough's of Magnolia, Somerdale and Stratford. In addition, the School District provides educational services for students in grades 9 through 12 received, on a tuition basis, from the Hi-Nella School District. The Sterling High School District has an approximate enrollment at June 30, 2008 of 1047 students.

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

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

The School District's basic financial statements consists of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

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

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fund Accounting**

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

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

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

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

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenues from the 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 New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Sterling High School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting (Continued)**

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

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

The School District's major enterprise funds are:

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

**South Jersey Technology Program** - This fund accounts for the financial transactions related to the technology operations of the School District.

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

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

Equipment	12 Years
Light Trucks and Vehicles	4 Years

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

**Measurement Focus**

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

**Sterling High School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus (Continued)**

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

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

**Basis of Accounting**

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. The restricted formula aids (i.e. Instructional Supplement Program Aid) are recorded in the special revenue fund in accordance with the Audit Program promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditures.

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

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Continued)**

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

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and C-2, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General Fund Budgetary Comparison Schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

**Encumbrance Accounting**

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

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

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

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

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 units shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

The School District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

**Tuition Receivable**

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

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2008 and 2006 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Inventories**

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

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

Inventory in the Food Service Fund at June 30, 2008 consisted of the following:

Food	\$ 8,516
Supplies	<u>2,814</u>
	<u>\$ 11,330</u>

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories (Continued)**

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as amended) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**Prepaid Expenses**

Prepaid expenses recorded on the district-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

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

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are presented as Interfunds Receivable and/or Interfunds Payable.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include bond proceeds to be used for capital construction and amounts set-aside to create a reserve for future capital projects.

**Deferred Charges**

On the District-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. In governmental funds, these costs are reported as expenditures when the related liability is incurred.

**Capital Assets**

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

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)**

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

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

<u>Asset Class</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
School Buildings	50 years	N/A
Building Improvements	50 years	N/A
Site Improvements	20 years	N/A
Machinery and Equipment	5-20 years	12 years
Vehicles	8 years	4 years

**Compensated Absences**

The School District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement or permanent disability, full-time employees who qualify shall be paid by the School District for unused sick leave in accordance with the School District's agreement or personnel policy.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to employees. As of June 30, 2008, the liability for compensated absences in the governmental fund types was \$272,448 and no liability existed in the proprietary fund types.

**Deferred Revenue**

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

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accrued Liabilities and Long-term Obligations**

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

**Net Assets**

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund Balance Reserves**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, legally restricted appropriations, excess surplus and capital reserve program.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and sale of equipment and services for the south jersey technology program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**Interfund Activity**

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented on the financial statements.

**Estimates**

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

**Sterling High School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**

**3. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk** – Custodial credit is the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. The School District’s formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. and requires that the School District deposit all public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA), as described in Note 1. As of June 30, 2008 the School District’s bank balance of \$769,701.26 was insured or collateralized as follows:

Insured by depository insurance	\$	200,000.00
Collateralized under GUDPA		<u>569,701.26</u>
	\$	<u>769,701.26</u>

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 322,480			\$ 322,480
Construction in progress	<u>263,940</u>		\$ (263,940)	<u>0</u>
Total capital assets, not being				
Depreciated	<u>586,420</u>		<u>(263,940)</u>	<u>322,480</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	749,476		263,940	1,013,416
Building and Building Improvements	15,610,792			15,610,792
Equipment	583,307	120,564		703,871
Vehicles	86,753			86,753
Totals at historical cost	<u>17,030,328</u>	<u>120,564</u>	<u>263,940</u>	<u>17,414,832</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(541,985)	(57,190)		(599,175)
Building and Building Improvements	(7,293,907)	(293,353)		(7,587,260)
Equipment	(240,238)	(57,736)		(297,974)
Vehicles	(23,087)	(8,786)		(31,873)
Totals accumulated depreciation	<u>(8,099,217)</u>	<u>(417,065)</u>		<u>(8,516,282)</u>
Total Capital Assets, being				
depreciated, net	<u>8,931,111</u>	<u>(296,501)</u>	<u>263,940</u>	<u>8,898,550</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 9,517,531</u>	<u>\$ (296,501)</u>	<u>\$ 0</u>	<u>\$ 9,221,030</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 296,633	\$ 1,226,455		\$ 1,523,088
Less accumulated depreciation	<u>(114,416)</u>	<u>(62,327)</u>		<u>(176,743)</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 182,217</u>	<u>\$ 1,164,128</u>		<u>\$ 1,346,345</u>

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**4. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$417,065 was charged to governmental functions as follows:

<b>Function</b>	<b>Amount</b>
Regular Instruction	\$ 66,358
Central Administration	6,923
Maintenance and Repairs	38,292
Unallocated	305,492
<b>Total depreciation expense</b>	<b>\$ 417,065</b>

**5. RECEIVABLES**

Receivables at June 30, 2008 consisted of tuition and fees charged to other school districts and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units.

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Total</b>
State Aid	\$ 56,688		\$ 294	\$ 56,982
Other Governmental Units	62,184		1,158,273	1,220,457
Federal Aid		\$ 35,559	5,150	40,709
<b>Total Accounts Receivable</b>	<b>\$ 118,872</b>	<b>\$ 35,559</b>	<b>\$ 1,163,717</b>	<b>\$ 1,318,148</b>

**6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2008, the following changes occurred in long-term obligations:

	<b>Principal Outstanding July 1, 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding June 30, 2008</b>	<b>Amounts Due Within One Year</b>
Compensated Absences	\$ 261,201	\$ 11,247		\$ 272,448	
General Obligation Bonds	6,147,000		\$ 500,000	5,647,000	\$ 515,000
	<b>\$ 6,408,201</b>	<b>\$ 11,247</b>	<b>\$ 500,000</b>	<b>\$ 5,919,448</b>	<b>\$ 515,000</b>

**Business – Type Activities:**

Compensated Absences	-	-	-	-	-
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**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**6. LONG-TERM OBLIGATIONS (Continued)**

**A. Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

1999 General Obligation Bonds dated June 1, 1999 in the amount of \$5,647,000 due in annual installments through June 1, 2019, bearing interest rate of 4.75%.

**B. Debt Service Requirements**

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 515,000	\$ 268,232	\$ 783,232
2010	515,000	243,770	758,770
2011	515,000	219,307	734,307
2012	515,000	194,845	709,845
2013	515,000	170,382	685,382
2014-2018	2,575,000	484,975	3,059,975
2019	<u>497,000</u>	<u>23,608</u>	<u>520,608</u>
	<u>\$ 5,647,000</u>	<u>\$ 1,605,119</u>	<u>\$ 7,252,119</u>

As of June 30, 2008 the School District had no authorized but not issued bonds.

**7. OPERATING LEASES**

At June 30, 2008, the School District had operating lease agreements in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2008, and 2007 were \$63,600 and \$89,136 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2009	\$ 62,878
June 30, 2010	27,389
June 30, 2011	<u>16,040</u>
Total future minimum lease payments	<u>\$ 106,307</u>

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**8. PENSION PLANS**

**Description of Plans** - Substantially all of the School District's employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

***Teachers' Pension and Annuity Fund (TPAF)***

The Teachers' Pension and Annuity Fund is a single-employer contributory defined benefit pension plan which was established on January 1, 1955. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:6C.

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate was 5% of base salary, through June 30, 2007. In accordance with Chapters 92, and 103, P.L. 2007, the TPAF employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate – authorized in statute and based on the existence of surplus pension assets in the Teachers' Pension and Annuity Fund; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

***Public Employees' Retirement System (PERS)***

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

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate was 5% of base salary, through June 30, 2007. In accordance with Chapters 92, and 103, P.L. 2007, the PERS employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate within the parameters of the law.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each year were as follows:

**Public Employees Retirement System**

<b><u>Fiscal Year</u></b>	<b><u>Normal Contribution</u></b>	<b><u>Accrued Liability</u></b>	<b><u>Total Liability</u></b>	<b><u>Funded by State</u></b>	<b><u>Paid by District</u></b>
2008	\$ 102,688	\$ 79,136	\$ 181,824	\$ 36,364	\$ 145,460
2007	81,909	42,534	124,443	49,777	74,666
2006	66,399	18,264	84,663	50,798	33,865

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**8. PENSION PLANS (Continued)**

During the year ended June 30, 2008, the State of New Jersey contributed \$1,027,636 to the TPAF for normal and post-retirement benefits on behalf of the School District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the School District \$467,377 during the fiscal year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

**9. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and 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. As of June 30, 2007 there were 75,860 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 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

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 Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

**10. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by an outside organization, approved by the School District, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The School District has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for these plans. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and are not subject to claims of the School District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements.

**11. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

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

**Joint Insurance Pool** - The District is a member of the New Jersey School Alliance Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**11. RISK MANAGEMENT (Continued)**

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

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 42,173	\$ 21,731	\$ 86,694	\$ 44,133
2006-2007	16,275	20,406	22,475	66,923
2005-2006	21,950	19,623	44,533	52,717

**12. CONTINGENCIES**

The School District participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the School District's future operation is not yet determinable.

**13. DEFICIT UNRESTRICTED NET ASSETS**

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$148,097 existed as of June 30, 2008 for governmental activities. The primary causes of this deficit are the School District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences and accrued interest payable. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the School District in the formulation of their annual budget (see Note 1), compensated absences and accrued interest payable that relate to future services, or that are contingent on a specific event outside the control of the School District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the School District is facing financial difficulties.

In addition, a deficit in unrestricted net assets of \$447,896 existed as of June 30, 2008 for business-type activities. The primary cause of this deficit is the South Jersey Technology Program which reflects a deficit of \$449,950. The South Jersey Technology Program funded \$659,210 of the construction of a new administration/concession stand building from operating revenues, causing the current deficit. The District is monitoring the operations of the South Jersey Technology Program to ascertain that the revenues will eliminate this deficit. Any shortfall in revenues from operations will be funded through the 2009-2010 budget of the general fund.

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**14. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:26-9.1(d)1, 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, 2007 to June 30, 2008 fiscal year is as follows:

Balance – July 1, 2007		\$ 220,104
Increased by:		
Interest earned	\$ 368	
Deposits approved	_____	368
		220,472
Decreased by:		
Budgeted Withdrawal		209,216
Balance – June 30, 2008		\$ 11,256

**15. DEFICIT FUND BALANCE**

The School District has a deficit fund balance of \$942 in the Special Revenue Fund as of June 30, 2008 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 last state aid payment as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the School District can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated special revenue fund balance that is reported as a direct result from a delay in the payment 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 deficit in the GAAP fund statements of \$942 is equal to or less than the last state aid payment.

**Sterling High School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008**

**16. FUND BALANCES**

**Reserved**

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

**Reserved for Encumbrances** – The reserve for encumbrances of \$233,142 was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year.

**Capital Reserve** – The capital reserve account was created to reserve funds for future capital outlay expenditures that have been detailed in the School District's approved Long Range Facilities Plan. The Capital Reserve Fund balance at June 30, 2008 is \$11,256.

**Reserved for Excess Surplus** – In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C73 (S1701), the designation of Reserved Fund Balance - Excess Surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted in their subsequent years' budget. The excess fund balance at June 30, 2008 is \$284,602.

**Unreserved**

**General Fund** – Of the \$342,576 unreserved General Fund balance at June 30, 2008, \$28,159 has been appropriated and included as anticipated revenue for the year ending June 30, 2009 and \$314,417 is undesignated.

**Debt Service Fund** – All of the \$1 unreserved Debt Service Fund balance is undesignated.

**Required Supplementary Information - Part II**

**Budgetary Comparison Schedules**

**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 7,203,319		\$ 7,203,319	\$ 7,203,319	
Tuition	2,130,236		2,130,236	2,110,599	\$ (19,637)
Interest earned on capital reserve funds				367	367
Other restricted misc revenues	22,000	\$ (22,000)			
Unrestricted misc. revenues	21,500	22,000	43,500	57,418	13,918
<b>Total local sources</b>	<b>9,377,055</b>		<b>9,377,055</b>	<b>9,371,703</b>	<b>(5,352)</b>
State sources:					
Core curriculum standards aid	3,297,645		3,297,645	3,297,645	
Supplemental core curriculum standards aid	366,237		366,237	366,237	
Transportation aid	45,126		45,126	45,126	
Special education aid	686,884		686,884	686,884	
Stabilization aid	100,000		100,000	100,000	
Consolidated aid	94,579		94,579	94,579	
Additional formula aid	280,707		280,707	280,707	
TARA Aid		42,000	42,000	42,000	
Teacher Mentoring Aid				1,303	
Extraordinary aid				31,951	31,951
On-behalf TPAF pension contr. (non-budgeted)				1,027,636	1,027,636
Reimbursed TPAF social security contribution (non-budgeted)				467,377	467,377
<b>Total state sources</b>	<b>4,871,178</b>	<b>42,000</b>	<b>4,913,178</b>	<b>6,441,445</b>	<b>1,526,964</b>
<b>TOTAL REVENUES</b>	<b>14,248,233</b>	<b>42,000</b>	<b>14,290,233</b>	<b>15,813,148</b>	<b>1,521,612</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 9-12	4,420,600	(207,485)	4,213,115	4,204,693	8,422
Regular Programs - Home Instruction:					
Salaries of teachers	32,000	17,086	49,086	49,086	
Purchased prof. - educational services	11,200	7,833	19,033	7,303	11,730
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	71,000	8,071	79,071	78,906	165
Purchased prof. - educational services		1,981	1,981	537	1,444
Other purchased services	201,489	(51,002)	150,487	124,974	25,513
General supplies	309,307	(21,928)	287,379	257,737	29,642
Textbooks	63,746	(15,058)	48,688	48,099	589
<b>Total - Regular Programs - Instruction</b>	<b>5,109,342</b>	<b>(260,502)</b>	<b>4,848,840</b>	<b>4,771,335</b>	<b>77,505</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Special Education Instruction:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of teachers	\$ 57,800		\$ 57,800	\$ 57,800	
Other salaries for instruction	24,700	\$ 10	24,710	22,300	\$ 2,410
General supplies	170		170		170
<b>Total learning and/or language disabilities</b>	<u>82,670</u>	<u>10</u>	<u>82,680</u>	<u>80,100</u>	<u>2,580</u>
<b>Behavioral Disabilities:</b>					
Salaries of teachers	104,800	1,200	106,000	106,000	
Other salaries for instruction	50,100	(13,177)	36,923	36,923	
Other purchased services	550	(23)	527		527
General supplies	255		255		255
<b>Total behavioral disabilities</b>	<u>155,705</u>	<u>(12,000)</u>	<u>143,705</u>	<u>142,923</u>	<u>782</u>
<b>Multiple Disabilities:</b>					
Salaries of teachers	110,500	52,155	162,655	162,655	
Other salaries for instruction	75,000	14,583	89,583	89,583	
General supplies	1,700	281	1,981	1,882	99
<b>Total multiple disabilities</b>	<u>187,200</u>	<u>67,019</u>	<u>254,219</u>	<u>254,120</u>	<u>99</u>
<b>Resource room/resource center:</b>					
Salaries of teachers	246,605	87,606	334,211	334,211	
General supplies	1,275		1,275	241	1,034
<b>Total resource room/resource center</b>	<u>247,880</u>	<u>87,606</u>	<u>335,486</u>	<u>334,452</u>	<u>1,034</u>
<b>Autism:</b>					
Other salaries for instruction	22,530		22,530	22,526	4
<b>Total autism</b>	<u>22,530</u>		<u>22,530</u>	<u>22,526</u>	<u>4</u>
<b>Total Special Education - Instruction</b>	<u>695,985</u>	<u>142,635</u>	<u>838,620</u>	<u>834,121</u>	<u>4,499</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of teachers	30,173	4,816	34,989	15,281	19,708
General supplies	1,263	36,815	38,078	34,306	3,772
<b>Total basic skills/remedial - instruction</b>	<u>31,436</u>	<u>41,631</u>	<u>73,067</u>	<u>49,587</u>	<u>23,480</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>School-Sponsored Cocurricular Act - Instruction:</b>					
Salaries	\$ 87,900	\$ 6,859	\$ 94,759	\$ 88,423	\$ 6,336
Purchased services	19,273	(366)	18,907	15,195	3,712
Supplies and materials	20,995	2,738	23,733	18,894	4,839
<b>Total school-sponsored cocurr. act. - instruc.</b>	<b>128,168</b>	<b>9,231</b>	<b>137,399</b>	<b>122,512</b>	<b>14,887</b>
<b>School-Sponsored Athletics - Instruction:</b>					
Salaries	490,290	8,859	499,149	499,093	56
Purchased services	142,834	(20,177)	122,657	108,333	14,324
Supplies and materials	71,405	(9,913)	61,492	47,456	14,036
<b>Total school-sponsored athletics - instruc.</b>	<b>704,529</b>	<b>(21,231)</b>	<b>683,298</b>	<b>654,882</b>	<b>28,416</b>
<b>Total Instruction</b>	<b>6,669,460</b>	<b>(88,236)</b>	<b>6,581,224</b>	<b>6,432,437</b>	<b>148,787</b>
<b>Undistributed Expenditures - Instruction</b>					
Tuition to other LEAs within the state - reg.	11,000		11,000	774	10,226
Tuition to County Voc School Dist - reg.	50,000		50,000	50,000	
Tuition to CSSD & reg. day schools	202,500	102,355	304,855	299,996	4,859
Tuition to priv. sch. for the disabled in state	590,540	(189,005)	401,535	361,419	40,116
Tuition to priv sch. disabled & other LEA - out of state	31,000	(31,000)			
Tuition - state facilities	40,272		40,272	22,386	17,886
Tuition other	1,200		1,200	1,133	67
<b>Total undistributed expenditures - instruction</b>	<b>926,512</b>	<b>(117,650)</b>	<b>808,862</b>	<b>735,708</b>	<b>73,154</b>
<b>Attendance and Social Work:</b>					
Salaries	63,690	(9,970)	53,720	53,429	291
Supplies and materials	3,740	(1,000)	2,740	2,262	478
<b>Total attendance and social work</b>	<b>67,430</b>	<b>(10,970)</b>	<b>56,460</b>	<b>55,691</b>	<b>769</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**STERLING SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Health Services:</b>					
Salaries	\$ 114,500	\$ (3,000)	\$ 111,500	\$ 109,466	\$ 2,034
Other purchased services	541	23	564	265	299
Supplies and materials	3,500	(23)	3,477	3,140	337
<b>Total health services</b>	<b>118,541</b>	<b>(3,000)</b>	<b>115,541</b>	<b>112,871</b>	<b>2,670</b>
<b>Other Support Services Student - Related Serv.</b>					
Salaries	16,100	4,090	20,190	20,190	
<b>Total other support services student - related serv.</b>	<b>16,100</b>	<b>4,090</b>	<b>20,190</b>	<b>20,190</b>	
<b>Other Support Services Student - Regular:</b>					
Salaries of other professional staff	246,300	33,720	280,020	279,546	474
Salaries of secretarial and clerical assistants	64,800	18,360	83,160	83,140	20
Other purchased services	27,525	(10,666)	16,859	11,530	5,329
Supplies and materials	7,268	(5,172)	2,096	1,675	421
<b>Total other support services student - regular</b>	<b>345,893</b>	<b>36,242</b>	<b>382,135</b>	<b>375,891</b>	<b>6,244</b>
<b>Other Support Services Student - Special:</b>					
Salaries of other professional staff	262,300	(20,424)	241,876	241,876	
Salaries of secretarial and clerical assistants	38,400		38,400	38,045	355
Other purchased services	22,670		22,670	19,268	3,402
Supplies and materials	1,630		1,630	1,556	74
<b>Total other support services student - special</b>	<b>325,000</b>	<b>(20,424)</b>	<b>304,576</b>	<b>300,745</b>	<b>3,831</b>
<b>Improvement of Instruction Services:</b>					
Salaries of supervisor of instruction	243,300	8,047	251,347	251,347	
Salaries of secretarial and clerical assistants	66,500	1,040	67,540	67,538	2
Other purchased services	32,657	(21,792)	10,865	10,599	266
Supplies and materials	6,452	(3,600)	2,852	1,762	1,090
<b>Total improvement of instructional services</b>	<b>348,909</b>	<b>(16,305)</b>	<b>332,604</b>	<b>331,246</b>	<b>1,358</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Educational Media Services/School Library:</b>					
Salaries	\$ 87,500	\$ 1,210	\$ 88,710	\$ 87,620	\$ 1,090
Other purchased services	3,400		3,400	3,325	75
Supplies and materials	33,269	(13,229)	20,040	18,279	1,761
<b>Total educational media services/school library</b>	<b>124,169</b>	<b>(12,019)</b>	<b>112,150</b>	<b>109,224</b>	<b>2,926</b>
<b>Support Services - General Administration:</b>					
Salaries	205,800	30,888	236,688	236,588	100
Legal services	16,000	(5,500)	10,500	500	10,000
Audit services	20,200	(526)	19,674	19,500	174
Other purchased professional services	29,800		29,800	29,000	800
Communications / telephone	53,100	11,293	64,393	64,227	166
BOE Other purchased services	8,700	1,228	9,928	9,586	342
Other purchased services	16,600	3,593	20,193	19,549	644
Supplies and materials	9,200	(3,806)	5,394	5,318	76
BOE In-house Training/Meeting supplies	1,100		1,100	591	509
Judgements against the School District		25,000	25,000	25,000	
BOE Membership Dues and Fees	11,200		11,200	10,538	662
<b>Total support services - general administration</b>	<b>371,700</b>	<b>62,170</b>	<b>433,870</b>	<b>420,397</b>	<b>13,473</b>
<b>Support Services School Administration:</b>					
Salaries of principals/assist. principals	238,600	23,670	262,270	251,458	10,812
Salaries of secretarial and clerical assistants	102,800	(6,500)	96,300	95,283	1,017
Other purchased services	3,825	(3,372)	453	453	
Supplies and materials	10,390	(600)	9,790	9,738	52
<b>Total support services - school administration</b>	<b>355,615</b>	<b>13,198</b>	<b>368,813</b>	<b>356,932</b>	<b>11,881</b>
<b>Central Services:</b>					
Salaries	260,100	22,491	282,591	282,310	281
Misc. purchased services	27,400	3,252	30,652	29,112	1,540
Supplies and materials	4,400	5,511	9,911	3,436	6,475
<b>Total central services</b>	<b>291,900</b>	<b>31,254</b>	<b>323,154</b>	<b>314,858</b>	<b>8,296</b>
<b>Admin Info Technology</b>					
Salaries	14,000	(2,124)	11,876	7,819	4,057
Supplies and materials	400		400	400	
<b>Total admin info technology</b>	<b>14,400</b>	<b>(2,124)</b>	<b>12,276</b>	<b>8,219</b>	<b>4,057</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Required Maintenance School Facilities:</b>					
Salaries	\$ 98,000	\$ 44,589	\$ 142,589	\$ 142,589	
Cleaning, repair, and maintenance services	133,675	47,136	180,811	175,410	\$ 5,401
General supplies	87,836	51,357	139,193	137,071	2,122
<b>Total required maintenance school facilities</b>	<b>319,511</b>	<b>143,082</b>	<b>462,593</b>	<b>455,070</b>	<b>7,523</b>
<b>Other Operation &amp; Maintenance of Plant:</b>					
Salaries	723,300	(3,396)	719,904	719,556	348
Purchased professional and tech. services	55,750	(21,503)	34,247	34,244	3
Cleaning, repair, and maintenance services	1,995	9,540	11,535	11,220	315
Other purchased property services	35,000	10,834	45,834	45,834	
Insurance	36,000	(7,432)	28,568	28,318	250
Miscellaneous purchased services	122,725	28,514	151,239	90,000	61,239
General supplies	42,110	1,202	43,312	42,214	1,098
Energy (Heat & Electricity)	352,090	55,575	407,665	385,078	22,587
<b>Total other operations &amp; maint. of plant</b>	<b>1,368,970</b>	<b>73,334</b>	<b>1,442,304</b>	<b>1,356,464</b>	<b>85,840</b>
<b>Total operation &amp; maint. of plant services</b>	<b>1,688,481</b>	<b>216,416</b>	<b>1,904,897</b>	<b>1,811,534</b>	<b>93,363</b>
<b>Student Transportation Services:</b>					
Management Fee -ESC & CTSA Trans Program	6,400		6,400	5,771	629
Contr. serv. (not bet. home & school) - vendors	107,283	33,314	140,597	137,179	3,418
Contr. serv. (regular students.) - ESCs	24,000	2,701	26,701	26,701	
Contr. serv. (special ed. students.) - ESCs	166,200	23,538	189,738	184,856	4,882
<b>Total student transportation services</b>	<b>303,883</b>	<b>59,553</b>	<b>363,436</b>	<b>354,507</b>	<b>8,929</b>
<b>Unallocated Benefits - Employee Benefits</b>					
Social Security Contributions	220,800	55,646	276,446	276,446	
Other Retirement Contributions - regular	118,000	27,459	145,459	145,459	
Unemployment Compensation	40,000		40,000	40,000	
Workman's Compensation	106,800	16,600	123,400	123,324	76
Health Benefits	1,546,440	(176,720)	1,369,720	1,318,717	51,003
Tuition Reimbursement	18,200	(5,000)	13,200	12,882	318
Other Employee Benefits	41,000	(16,180)	24,820	19,470	5,350
<b>Total unallocated benefits - employee benefits</b>	<b>2,091,240</b>	<b>(98,195)</b>	<b>1,993,045</b>	<b>1,936,298</b>	<b>56,747</b>
On-behalf TPAF pension contr. (non-budgeted)				1,027,636	(1,027,636)
Reimbursed TPAF social security contr. (non-budgeted)				467,377	(467,377)
<b>Total Undistributed Expenditures</b>	<b>7,389,773</b>	<b>142,236</b>	<b>7,532,009</b>	<b>8,739,324</b>	<b>(1,207,315)</b>
<b>Total General Current Expense</b>	<b>14,059,233</b>	<b>54,000</b>	<b>14,113,233</b>	<b>15,171,761</b>	<b>(1,058,528)</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

(Continued from prior page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 9-12	\$ 215,000	\$ (12,000)	\$ 203,000	\$ 112,734	\$ 90,266
Total Equipment	<u>215,000</u>	<u>(12,000)</u>	<u>203,000</u>	<u>112,734</u>	<u>90,266</u>
Total Capital Outlay	<u>215,000</u>	<u>(12,000)</u>	<u>203,000</u>	<u>112,734</u>	<u>90,266</u>
 Total Expenditures	 <u>14,274,233</u>	 <u>42,000</u>	 <u>14,316,233</u>	 <u>15,284,495</u>	 <u>(968,262)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(26,000)		(26,000)	528,653	553,350
Other Financing Sources (Uses):					
Operating transfers out - Emergency Transfer	(124,617)		(124,617)	(124,617)	
Operating transfers out - Capital Reserve	<u>(209,216)</u>		<u>(209,216)</u>	<u>(209,216)</u>	
Total Other Financing Sources	<u>(333,833)</u>		<u>(333,833)</u>	<u>(333,833)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(359,833)		(359,833)	194,820	553,350
Fund Balance, July 1, 2007	<u>676,756</u>		<u>676,756</u>	<u>676,756</u>	
Fund Balance, June 30, 2008	<u>\$ 316,923</u>	<u>\$ -</u>	<u>\$ 316,923</u>	<u>\$ 871,576</u>	<u>\$ 553,350</u>
 Recapitulation:					
Capital Reserve				\$ 11,256	
Reserve for Encumbrance				233,142	
Reserve for Excess Surplus				284,602	
Unreserved:					
Designated for Subsequent Year's Expenditures				28,159	
Undesignated Fund Balance				<u>314,417</u>	
				871,576	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(233,064)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 638,512</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**STERLING HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 18,843		\$ 18,843	\$ 18,790	\$ (53)
Federal sources	496,317		496,317	398,008	(98,309)
<b>Total Revenues</b>	<b>515,160</b>		<b>515,160</b>	<b>416,798</b>	<b>(98,362)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	125,796		125,796	104,108	21,688
Other salaries for instruction	106,000		106,000	106,000	
Other purchased services	40,390		40,390	25,583	14,807
General supplies	135,959		135,959	93,780	42,179
Other objects	2,562		2,562	2,330	232
<b>Total instruction</b>	<b>410,707</b>		<b>410,707</b>	<b>331,801</b>	<b>78,906</b>
Support services:					
Salaries	10,110		10,110		10,110
Personal services - employee benefits	66,850		66,850	66,850	
Purchased professional - tech. services	10,619		10,619	9,045	1,574
Other purchased services	2,153		2,153	268	1,885
Travel	3,361		3,361	1,665	1,696
Supplies and materials	11,360		11,360	7,169	4,191
<b>Total support services</b>	<b>104,453</b>		<b>104,453</b>	<b>84,997</b>	<b>19,456</b>
Facilities acquisition and construction services:					
Instructional equipment					
Noninstructional equipment					
<b>Total facilities acq. and const. services</b>					
<b>Total Expenditures</b>	<b>515,160</b>		<b>515,160</b>	<b>416,798</b>	<b>98,362</b>
<b>Total outflows</b>	<b>515,160</b>		<b>515,160</b>	<b>416,798</b>	<b>98,362</b>
<b>Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**STERLING HIGH SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2008**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 15,813,148	\$ 416,798
<b>Difference - budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	221,343	942
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(233,064)	(942)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 15,801,427	\$ 416,798
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 15,284,495	\$ 416,798
<b>Differences - budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
		(49,249)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 15,284,495	\$ 367,549

**Other Supplementary Information**

**Special Revenue Fund  
Detail Statements**

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

**STERLING HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2008**

	Total Other Prog. (See E-1A)	Total Other Prog. (See E-1B)	Totals
<b>REVENUES:</b>			
State sources	\$ 18,790		\$ 18,790
Federal sources	78,671	\$ 319,337	398,008
<b>Total revenues</b>	<b>97,461</b>	<b>319,337</b>	<b>416,798</b>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	25,698	78,410	104,108
Other salaries for instruction	22,000	84,000	106,000
Other purchased services		25,583	25,583
General supplies	33,767	60,013	93,780
Other Objects		2,330	2,330
<b>Total instruction</b>	<b>81,465</b>	<b>250,336</b>	<b>331,801</b>
Support services:			
Salaries			
Personal services - employee benefits	9,992	56,858	66,850
Purchased professional technical services	5,736	3,309	9,045
Other purchased services	268		268
Travel		1,665	1,665
Supplies and materials		7,169	7,169
<b>Total support services</b>	<b>15,996</b>	<b>69,001</b>	<b>84,997</b>
Facilities acquisition and const. serv.:			
Instructional equipment			
<b>Total facilities acq. and const. serv.</b>			
<b>Total expenditures</b>	<b>97,461</b>	<b>319,337</b>	<b>416,798</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>

**STERLING HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2008**

	Instructional Supplement Aid	Title I	Title I Carryover	Title II A	Title II A Carryover	Title V Carryover	Total
<b>REVENUES:</b>							
State sources	\$ 18,790						\$ 18,790
Federal sources		\$ 40,685	\$ 13,945	\$ 20,226	\$ 3,336	\$ 479	78,671
<b>Total Revenues</b>	<b>18,790</b>	<b>40,685</b>	<b>13,945</b>	<b>20,226</b>	<b>3,336</b>	<b>479</b>	<b>97,461</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers		5,000	6,635	14,063			25,698
Other salaries for instruction		22,000					22,000
General supplies	18,790	7,188	7,310			479	33,767
<b>Total instruction</b>	<b>18,790</b>	<b>34,188</b>	<b>13,945</b>	<b>14,063</b>		<b>479</b>	<b>81,465</b>
Support services:							
Personal services-employee benefits		6,229		3,763			9,992
Purchased prof. tech. services				2,400	3,336		5,736
Other purchased services		268					268
<b>Total support services</b>		<b>6,497</b>		<b>6,163</b>	<b>3,336</b>		<b>15,996</b>
Facilities acquisition and const. serv.:							
Instructional equipment							
<b>Total facilities acq. and const. serv.</b>							
<b>Total Expenditures</b>	<b>18,790</b>	<b>40,685</b>	<b>13,945</b>	<b>20,226</b>	<b>3,336</b>	<b>479</b>	<b>97,461</b>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---

**STERLING HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2008**

	Carl Perkins	Safe & Drug Free Carryover	IDEA Basic	IDEA Carryover	Tech Prep Carryover	Safe & Drug Free	Total
<b>REVENUES:</b>							
State sources							
Federal sources	\$ 7,300	\$ 25,955	\$ 145,397	\$ 52,055	\$ 13,301	\$ 75,329	\$ 319,337
<b>Total Revenues</b>	<u>7,300</u>	<u>25,955</u>	<u>145,397</u>	<u>52,055</u>	<u>13,301</u>	<u>75,329</u>	<u>319,337</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers		6,235	8,800	16,500		46,875	78,410
Other salaries for instruction			84,000				84,000
Other purchased services			7,443	18,140			25,583
General supplies	7,300		21,997	17,415	13,301		60,013
Other objects			2,330				2,330
<b>Total instruction</b>	<u>7,300</u>	<u>6,235</u>	<u>124,570</u>	<u>52,055</u>	<u>13,301</u>	<u>46,875</u>	<u>250,336</u>
Support services:							
Personal services-employee benefits		18,872	19,510			18,476	56,858
Purchased prof. tech. services						3,309	3,309
Travel		848	817				1,665
General supplies			500			6,669	7,169
<b>Total support services</b>		<u>19,720</u>	<u>20,827</u>			<u>28,454</u>	<u>69,001</u>
Facilities acquisition and const. serv.:							
Instructional equipment							
<b>Total facilities acq. and const. serv.</b>							
<b>Total Expenditures</b>	<u>7,300</u>	<u>25,955</u>	<u>145,397</u>	<u>52,055</u>	<u>13,301</u>	<u>75,329</u>	<u>319,337</u>
<b>Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

**STERLING HIGH SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Instructional Supplement Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
General supplies	\$ 18,843	\$ 18,790	\$ 53
Total instruction	18,843	18,790	53
Total Expenditures	\$ 18,843	\$ 18,790	\$ 53

**CALCULATION OF BUDGET & CARRYOVER**

Total revised 2007-2008 Instructional Supplement Aid Allocation	\$ 18,843
Add: Actual Instructional Supplement Aid Carryover (June 30, 2007)	---
Total Instructional Supplement Aid available for 2007-2008 budget	18,843
Less: 2007-2008 Budgeted Instructional Supplement Aid (including prior year budgeted carryover)	(18,843)
Available & Unbudgeted ISA Funds as of June 30, 2008	
Add: June 30, 2008 Unexpended ISA	53
2007-2008 Actual Carryover - ISA	\$ 53
2007-2008 ISA Carryover Budgeted in 2008-2009	\$ -

**Capital Projects Fund  
Detail Statements**

**The Capital Projects Fund is used to account for the acquisition, construction and/or renovation of major facilities and equipment purchases other than those financed by Proprietary Funds.**

**STERLING HIGH SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year ended June 30, 2008**

<b>Revenues and Other Financing Sources:</b>	
Transfer from Capital Reserve	\$ 209,216
Transfer from Emergency Reserve	124,617
Total revenues and other financing sources	333,833
 <b>Expenditures and Other Financing (Uses):</b>	
Construction services	313,975
Adjustment from other contributions	1
Transfer to enterprise fund	19,857
Total expenditures and other financing (uses)	333,833
 Excess (deficiency) or revenues over (under) expenditures	
 Fund Balance - July 1, 2007	
 Fund Balance - June 30, 2008	
	\$ -

**STERLING HIGH SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Construction of a Concession Stand**  
**From Inception and for the Fiscal Year ended June 30, 2008**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
Transfer from enterprise fund	\$ 187,257	\$ (19,857)	\$ 167,400	\$ 167,400
Insurance proceeds	21,000		21,000	21,000
Transfer from Capital Reserve		209,216	209,216	209,216
Transfer from Emergency Reserve		124,617	124,617	124,617
Other contribution	55,683	(1)	55,682	55,682
Total revenues	<u>263,940</u>	<u>313,975</u>	<u>577,915</u>	<u>577,915</u>
<b>Expenditures and Other Financing Uses:</b>				
Construction services	263,940	313,975	577,915	577,915
	<u>263,940</u>	<u>313,975</u>	<u>577,915</u>	<u>577,915</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		N/A		
Additional Authorized Cost		N/A		
Revised Authorized Cost		N/A		
Percentage Increase over Original Authorized Cost		N/A		
Percentage Completion		N/A		
Original target completion date	12/31/07			
Revised target completion date	12/31/07			

## **Proprietary Funds Detail Statements**

**Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user fees.**

**South Jersey Technology Program Fund - This fund provides for the operation of technology services offered to all schools.**

**Food Service Fund - This fund provides for the operation of food services in all all schools within the school district.**

**STERLING HIGH SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	<u>Food Service Fund</u>	<u>South Jersey Technology Program Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 40,874		\$ 40,874
Accounts receivable:			
State	294		294
Federal	5,150		5,150
Other	1,651	\$ 1,156,622	1,158,273
Inventories	<u>11,330</u>		<u>11,330</u>
<b>Total Current Assets</b>	<u>59,299</u>	<u>1,156,622</u>	<u>1,215,921</u>
<b>Noncurrent Assets:</b>			
Equipment	137,390	1,385,698	1,523,088
Less - accumulated depreciation	<u>(39,236)</u>	<u>(137,507)</u>	<u>(176,743)</u>
<b>Total Noncurrent Assets</b>	<u>98,154</u>	<u>1,248,191</u>	<u>1,346,345</u>
<b>Total Assets</b>	<u>157,453</u>	<u>2,404,813</u>	<u>2,562,266</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Cash Overdraft		635,157	635,157
Accounts payable	<u>57,645</u>	<u>971,015</u>	<u>1,028,660</u>
<b>Total Current Liabilities</b>	<u>57,645</u>	<u>1,606,172</u>	<u>1,663,817</u>
<b>NET ASSETS:</b>			
Invested in capital assets	98,154	1,248,191	1,346,345
Unrestricted (Deficit)	<u>1,654</u>	<u>(449,550)</u>	<u>(447,896)</u>
<b>Total Net Assets</b>	<u>\$ 99,808</u>	<u>\$ 798,641</u>	<u>\$ 898,449</u>

**STERLING HIGH SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Food Service Fund</u>	<u>South Jersey Technology Program Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 88,666		\$ 88,666
Daily sales non-reimbursable programs:			
Adult and a la carte sales	178,219		178,219
Program fees		<u>\$ 5,770,674</u>	<u>5,770,674</u>
Total Operating Revenues	<u>266,885</u>	<u>5,770,674</u>	<u>6,037,559</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	116,860	1,228,591	1,345,451
Management fee	20,530		20,530
Supplies and materials	7,238		7,238
Maintenance and repairs		28,394	28,394
Other costs	8,649	8,970	17,619
Depreciation	19,618	42,709	62,327
Cost of sales	<u>195,749</u>	<u>4,250,910</u>	<u>4,446,659</u>
Total Operating Expenses	<u>368,644</u>	<u>5,559,574</u>	<u>5,928,218</u>
Operating Income (Loss)	<u>(101,759)</u>	<u>211,100</u>	<u>109,341</u>
<b>Non-Operating Revenues:</b>			
State sources:			
State school lunch program	3,795		3,795
Federal sources:			
National school lunch program	64,236		64,236
Food distribution program	7,776		7,776
Local sources:			
Interest earned	<u>550</u>		<u>550</u>
Total Non-Operating Revenues	<u>76,357</u>		<u>76,357</u>
Income (Loss) before Contributions and Transfers	(25,402)	211,100	185,698
Contribution of capital assets		577,915	577,915
Changes in Net Assets	(25,402)	789,015	763,613
Net Assets - July 1, 2007	<u>125,210</u>	<u>9,626</u>	<u>134,836</u>
Net Assets - June 30, 2008	<u>\$ 99,808</u>	<u>\$ 798,641</u>	<u>\$ 898,449</u>

**STERLING HIGH SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Food Service Fund</u>	<u>South Jersey Technology Program Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 266,885	\$ 5,347,843	\$ 5,614,728
Cash payments to employees for services	(116,860)	(1,228,591)	(1,345,451)
Cash payments to suppliers for goods and services	<u>(185,879)</u>	<u>(3,504,516)</u>	<u>(3,690,395)</u>
Net cash provided by (used for) operating activities	<u>(35,854)</u>	<u>614,736</u>	<u>578,882</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from state sources	3,634		3,634
Cash received from federal sources	68,904		68,904
Operating transfer in			
Net cash provided by noncapital financing activities	<u>72,538</u>		<u>72,538</u>
<b>Cash Flows Used by Capital and Related Financing Activities:</b>			
Purchase of equipment		(648,540)	
<b>Cash Flow Provided by Investing Activities:</b>			
Interest on cash equivalents	<u>550</u>		<u>550</u>
Net increase (decrease) in cash and cash equivalents	37,234	(33,804)	651,970
Cash and cash equivalents - June 30, 2007 (Overdraft)	<u>3,640</u>	<u>(601,353)</u>	<u>(597,713)</u>
Cash and cash equivalents - June 30, 2008 (Overdraft)	<u>\$ 40,874</u>	<u>\$ (635,157)</u>	<u>\$ 54,257</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$ (101,759)	\$ 211,100	\$ 109,341
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	19,618	42,709	62,327
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	23,050	(422,831)	(399,781)
(Increase) decrease in inventories	(5,888)		(5,888)
Increase (decrease) in accounts payable	<u>29,125</u>	<u>783,758</u>	<u>812,883</u>
Net cash provided by (used for) operating activities	<u>\$ (35,854)</u>	<u>\$ 614,736</u>	<u>\$ 578,882</u>
<b>Noncash Noncapital Financing Activities:</b>			
During the year the District received \$7,776. of food commodities from the U.S. Department of Agriculture.			

## Fiduciary Funds Detail Statements

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

**Unemployment Compensation Insurance Fund - This fiduciary fund is used to pay unemployment compensation claims.**

**Scholarship Fund - This fiduciary fund is used to account for the assets held by the district for grants to students.**

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

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

**Student Activity Fund - This agency fund is used to account for the funds held by the district to be used for student related projects.**

**STERLING HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2008**

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Totals</u>
	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 44,133	\$ 8,661	\$ 121,629	\$ 146,127	\$ 320,550
Total Assets	<u>44,133</u>	<u>8,661</u>	<u>\$ 121,629</u>	<u>\$ 146,127</u>	<u>320,550</u>
<b>LIABILITIES:</b>					
Payroll deductions and withholdings Due to employees				\$ 74,886 71,241	74,886 71,241
Due to student groups			<u>\$ 121,629</u>		<u>121,629</u>
Total Liabilities			<u>\$ 121,629</u>	<u>\$ 146,127</u>	<u>267,756</u>
<b>NET ASSETS:</b>					
Held in trust for unemployment claims and other purposes	44,133				44,133
Reserved for scholarships		<u>8,661</u>			<u>8,661</u>
Total Net Assets	<u>\$ 44,133</u>	<u>\$ 8,661</u>			<u>\$ 52,794</u>

**STERLING HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
<b>ADDITIONS:</b>			
Local Sources:			
Interest on investments	\$ 398	\$ 2,173	\$ 2,570
Board contribution		40,000	40,000
Employee withholdings		<u>21,731</u>	<u>21,731</u>
<b>Total Additions</b>	<u>398</u>	<u>63,903</u>	<u>64,301</u>
<b>Deductions:</b>			
Unemployment compensation insurance claims		86,694	86,694
Scholarships	<u>589</u>		<u>589</u>
<b>Total Deductions</b>	<u>589</u>	<u>86,694</u>	<u>87,282</u>
<b>Change in Net Assets</b>	(191)	(22,790)	(22,981)
<b>Net Assets - July 1, 2007</b>	<u>8,852</u>	<u>66,923</u>	<u>75,775</u>
<b>Net Assets - June 30, 2008</b>	<u>\$ 8,661</u>	<u>\$ 44,133</u>	<u>\$ 52,794</u>

**STERLING HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2008**

	Balance June 20, 2007	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2008
Accolade	\$ 40,438	\$ 6,852		\$ 1,076	\$ 48,366
Amnesty International	273			7	280
AP Exams	401	4,031	375	8	4,065
Art Auction Scholarship	467		450	12	29
Band	193			5	198
Boys Basketball	99		99		-
Chorale	1,772	1,116	2,908	20	-
Class of 2003	6,097				6,097
Class of 2004	3,308				3,308
Class of 2005	2,210				2,210
Class of 2006	3,621			47	3,668
Class of 2007	1,519		1,000	14	533
Class of 2008	1,625	300	420	43	1,548
Class of 2009	104	2,123	1,915	23	335
Class of 2010	574	1,384	1,577	9	390
Class of 2011		4,339	2,612	9	1,736
Clay Club	122			3	125
Coordinator Class of 2006	12				12
Coordinator Class of 2007	12				12
Coordinator Class of 2008	24,110	71,798	92,020	174	4,062
Coordinator Class of 2009	5,705	24,981	18,450	146	12,382
Coordinator Class of 2010	1,525	696		49	2,270
Coordinator Class of 2011		1,050		305	1,355
Dave LaGrange Memorial	2,029		2,056	27	-
Drama	4,127	5,005	5,135	112	4,109
Entrepreneurship				378	378
FBLA	1,304			34	1,338
Foods	163			5	168
French Club	357	267	550	9	83
Home Economics	7				7
Interact	421	50	150	11	332
Lacrosse Club	2,217		2,231	14	-
Linda Hunt - Teacher of Year	848		856	8	-
National Honor Society	557		428	8	137
Marketing Intern	1,196	1,316	1,387	(339)	786
Municipal Alliance				1	1
Project Graduation	4	4,000	4,000	2	6
Renaissance	181	1,750	1,936	5	-
ROTC	3,045	1,019	2,680	86	1,470
SAT/PSAT	2,020	2,049	3,329	54	794
School Store	3,250	11,204	10,334	90	4,210
Silver Scroll	1,166	31		31	1,228
Social Studies Seminar	7	1,365	1,373	1	-
Softball	200			5	205
Strength and Conditioning Club	1,050	1,550	267	(1,369)	964
Student Council	1,391	502	537	36	1,392
Principal Account	17,330			(17,330)	-
SJTP	4			(4)	-
S.A.D.D.	362	283		10	655
Transition Projects	422			10	432
General Account	16,166	27,568	50,389	16,154	9,499
Revolving Account	152	2,668	2,550		270
Smoking Fines	184				184
Interest					-
Miscellaneous					-
<b>Total all accounts</b>	<b>\$ 154,346</b>	<b>\$ 179,297</b>	<b>\$ 212,014</b>	<b>\$ (1)</b>	<b>\$ 121,629</b>

**STERLING HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<b>ASSETS:</b>				
Cash and cash equivalents	<u>\$ 103,815</u>	<u>\$ 12,574,746</u>	<u>\$ 12,532,434</u>	<u>\$ 146,127</u>
<b>Total assets</b>	<u><u>\$ 103,815</u></u>	<u><u>\$ 12,574,746</u></u>	<u><u>\$ 12,532,434</u></u>	<u><u>\$ 146,127</u></u>
 <b>LIABILITIES:</b>				
Net payable	\$ 103	\$ 6,102,799	\$ 6,102,852	\$ 50
Due to employees	38,914	71,241	38,914	71,241
Payroll deductions and withholdings	<u>64,798</u>	<u>6,400,706</u>	<u>6,390,668</u>	<u>74,836</u>
<b>Total liabilities</b>	<u><u>\$ 103,815</u></u>	<u><u>\$ 12,574,746</u></u>	<u><u>\$ 12,532,434</u></u>	<u><u>\$ 146,127</u></u>

## Long-Term Debt Schedules

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

**STERLING HIGH SCHOOL DISTRICT  
Statement of Serial Bonds  
For the Fiscal Year Ended June 30, 2008**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2008</u>
			<u>Date</u>	<u>Amount</u>					
School Building Improvements	6/1/99	\$ 8,982,000	6/1/08	\$ 500,000	4.75%	<u>\$ 6,147,000</u>	<u>                    </u>	<u>\$ 500,000</u>	<u>\$ 5,647,000</u>
			6/1/09-18	515,000					
			6/1/19	497,000					
						<u>\$ 6,147,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 5,647,000</u>

**STERLING HIGH SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 406,738		\$ 406,738	\$ 406,738	
State sources:					
State Aid	<u>385,245</u>		<u>385,245</u>	<u>385,245</u>	
Total Revenues	<u>791,983</u>		<u>791,983</u>	<u>791,983</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	291,983		291,983	291,983	
Redemption of principal	<u>500,000</u>		<u>500,000</u>	<u>500,000</u>	
Total Expenditures	<u>791,983</u>		<u>791,983</u>	<u>791,983</u>	
Excess (Deficiency) of revenues over (under) expenditures					
Fund Balance - July 1, 2007	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance - June 30, 2008	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Statistical Section**

Sterling High School District Net Assets by Component, Last Six Fiscal Years (accrual basis of accounting)						
Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008
<b>Governmental activities:</b>						
Invested in capital assets, net of related debt	\$ 1,647,970	\$ 1,759,651	\$ 2,001,058	\$ 2,524,496	\$ 3,370,531	\$ 3,574,030
Restricted for:						
Capital reserve	84,858	175,646	180,054	203,216	220,104	11,256
Debt service	-	-	-	1	1	1
Other purposes	295,443	458,248	154,161	21,109	152,776	595,152
Unrestricted	120,398	(190,815)	(262,097)	(140,176)	(131,623)	(148,097)
Total governmental activities net assets	\$ 2,148,669	\$ 2,202,730	\$ 2,073,176	\$ 2,608,646	\$ 3,611,789	\$ 4,032,342
<b>Business-type activities:</b>						
Invested in capital assets, net of related debt		\$ 122,180	\$ 119,002	\$ 92,007	\$ 182,217	\$ 1,346,345
Unrestricted		4,654		33,696	(47,381)	(447,896)
Total business-type activities net assets	\$ -	\$ 126,834	\$ 119,002	\$ 125,703	\$ 134,836	\$ 898,449
<b>District-wide:</b>						
Invested in capital assets, net of related debt	\$ 1,647,970	\$ 1,881,831	\$ 2,120,060	\$ 2,616,503	\$ 3,552,748	\$ 4,920,375
Capital reserve	84,858	175,646	180,054	203,216	220,104	11,256
Debt service	-	-	-	1	1	1
Other purposes	295,443	458,248	154,161	21,109	152,776	595,152
Unrestricted	120,398	(186,161)	(262,097)	(106,480)	(179,004)	(595,993)
Total district net assets	\$ 2,148,669	\$ 2,329,564	\$ 2,192,178	\$ 2,734,349	\$ 3,746,625	\$ 4,930,791

**Sterling High School District**  
**Changes in Net Assets, Last Six Fiscal Years**  
*(accrual basis of accounting)*

J-2

		Fiscal Year Ending June 30,					
		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses:</b>							
<b>Governmental activities:</b>							
<b>Instruction:</b>							
	Regular	\$ 5,869,122	\$ 6,401,037	\$ 6,473,449	\$ 5,294,566	\$ 5,274,056	\$ 5,357,079
	Special education	638,551	698,514	655,264	525,957	652,306	834,121
	Other instruction	837,982	831,272	905,517	741,710	812,182	826,981
<b>Support Services:</b>							
	Tuition	620,110	558,267	603,192	913,777	829,074	735,708
	Student & instruction related services	1,371,413	1,513,327	1,408,208	1,025,649	1,183,653	1,390,855
	School administrative services	514,886	556,130	596,728	520,675	370,261	356,932
	General and business administrative services	474,808	468,258	929,410	676,821	702,251	785,180
	Plant operations and maintenance	1,684,735	2,182,082	2,407,662	1,688,137	1,983,835	2,088,289
	Pupil transportation	245,959	226,864	238,156	294,678	297,047	354,507
	Business and other support services	322,357	390,159				
	Unallocated employee benefits				2,633,115	3,268,370	3,431,311
	Special schools	43,262	14,837	20,053			
	Interest on long-term debt	405,014	382,417	386,439	334,811	312,882	290,004
	Unallocated depreciation	56,271	100,427	84,934	84,934	311,518	89,439
	<b>Total governmental activities expenses</b>	<u>13,084,470</u>	<u>14,323,591</u>	<u>14,709,012</u>	<u>14,734,830</u>	<u>15,997,435</u>	<u>16,540,406</u>
<b>Business-type activities:</b>							
	South Jersey Technology Program		383,275	716,893	2,754,778	3,502,405	5,559,574
	Food Service Program					322,282	368,644
	<b>Total business-type activities expense</b>	<u>-</u>	<u>383,275</u>	<u>716,893</u>	<u>2,754,778</u>	<u>3,824,687</u>	<u>5,928,218</u>
	<b>Total district expenses</b>	<u>\$ 13,084,470</u>	<u>\$ 14,706,866</u>	<u>\$ 15,425,905</u>	<u>\$ 17,489,608</u>	<u>\$ 19,822,122</u>	<u>\$ 22,468,624</u>
<b>Program Revenues:</b>							
<b>Governmental activities:</b>							
<b>Charges for services:</b>							
	Instruction (tuition)	1,620,183	\$ 1,708,336	\$ 1,618,686	\$ 1,740,177	\$ 2,006,401	\$ 2,110,599
	Operating grants and contributions	1,398,966	1,534,769	1,541,631	1,692,672	2,160,492	2,247,807
	<b>Total governmental activities program revenues</b>	<u>3,019,149</u>	<u>3,243,105</u>	<u>3,160,317</u>	<u>3,432,849</u>	<u>4,166,893</u>	<u>4,358,406</u>

(Continued)

**Sterling High School District**  
**Changes in Net Assets, Last Six Fiscal Years**  
*(accrual basis of accounting)*

J-2

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
<b>Business-type activities:</b>						
Charges for services:						
South Jersey Technology Program		488,268	681,486	2,789,054	3,573,585	5,770,674
Food Service Program					236,277	266,885
Operating grants and contributions					55,267	75,807
Capital grants and contributions						
Total business type activities program revenues	-	488,268	681,486	2,789,054	3,865,129	6,113,366
Total district program revenues	<u>\$ 3,019,149</u>	<u>\$ 3,731,373</u>	<u>\$ 3,841,803</u>	<u>\$ 6,221,903</u>	<u>\$ 8,032,022</u>	<u>\$ 10,471,772</u>
<b>Net (Expense)/Revenue:</b>						
Governmental activities	\$ (10,065,321)	\$ (11,080,486)	\$ (11,548,695)	\$ (11,301,981)	\$ (11,830,542)	\$ (12,182,000)
Business-type activities	-	104,993	(35,407)	34,276	40,442	185,148
Total district-wide net expense	<u>\$ (10,065,321)</u>	<u>\$ (10,975,493)</u>	<u>\$ (11,584,102)</u>	<u>\$ (11,267,705)</u>	<u>\$ (11,790,100)</u>	<u>\$ (11,996,852)</u>
<b>General Revenues and Other Changes in Net Assets:</b>						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 5,352,969	\$ 5,930,442	\$ 6,250,278	\$ 6,488,143	\$ 7,035,610	\$ 7,203,319
Taxes levied for debt service	410,862	414,664	417,730	409,126	408,176	406,738
Unrestricted grants and contributions	4,283,272	4,650,291	4,741,538	4,757,557	4,752,180	4,934,711
State aid restricted for capital projects				65,305		
Investment earnings	658	646	4,408	8,581	16,888	367
Miscellaneous income	237,479	160,345	32,762	81,164	128,962	57,418
Transfers		(21,841)	(27,575)	27,575	169,257	
Total governmental activities	<u>10,285,240</u>	<u>11,134,547</u>	<u>11,419,141</u>	<u>11,837,451</u>	<u>12,511,073</u>	<u>12,602,553</u>
Business-type activities:						
Investment earnings					558	550
Contributions					137,390	577,915
Transfers		21,841	27,575	(27,575)	(169,257)	
Total business-type activities	-	21,841	27,575	(27,575)	(31,309)	578,465
Total district-wide	<u>\$ 10,285,240</u>	<u>\$ 11,156,388</u>	<u>\$ 11,446,716</u>	<u>\$ 11,809,876</u>	<u>\$ 12,479,764</u>	<u>\$ 13,181,018</u>
<b>Change in Net Assets:</b>						
Governmental activities	\$ 219,919	\$ 54,061	\$ (129,554)	\$ 535,470	\$ 680,531	\$ 420,553
Business-type activities	-	126,834	(7,832)	6,701	9,133	763,613
Total district-wide	<u>\$ 219,919</u>	<u>\$ 180,895</u>	<u>\$ (137,386)</u>	<u>\$ 542,171</u>	<u>\$ 689,664</u>	<u>\$ 1,184,166</u>

**Sterling High School District**  
**Fund Balances, Governmental Funds,**  
**Last Six Fiscal Years**  
*(modified accrual basis of accounting)*

		Fiscal Year Ending June 30,					
		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund:</b>							
Reserved for:							
Encumbrances		\$ 295,443	\$ 434,863				\$ 233,142
Capital reserve		84,858	175,646	\$ 180,054	\$ 203,216	\$ 220,104	11,256
Excess surplus					6,109	2,159	284,602
Unreserved							
Undesignated		259,434	(43,214)	(72,888)	43,894	82,533	81,353
Designated for subsequent year's budget			23,385	29,161	15,000	150,617	28,159
<b>Total general fund</b>		<u>\$ 639,735</u>	<u>\$ 590,680</u>	<u>\$ 136,327</u>	<u>\$ 268,219</u>	<u>\$ 455,413</u>	<u>\$ 638,512</u>
<b>All Other Governmental Funds</b>							
Reserved for:							
Encumbrances							\$ 49,249
Unreserved, reported in:							
Special revenue fund		\$ (2,628)	\$ (942)	\$ (942)	\$ (942)	\$ (942)	(942)
Capital projects fund				125,000			
Debt service fund					1	1	1
<b>Total all other governmental funds</b>		<u>\$ (2,628)</u>	<u>\$ (942)</u>	<u>\$ 124,058</u>	<u>\$ (941)</u>	<u>\$ (941)</u>	<u>\$ 48,308</u>

**Sterling High School District**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

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	Fiscal Year Ending June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Tax levy	\$ 4,253,891	\$ 4,606,067	\$ 4,828,652	\$ 5,143,210	\$ 5,763,831	\$ 6,345,106	\$ 6,668,008	\$ 6,897,269	\$ 7,443,786	\$ 7,610,057
Tuition charges	908,961	990,028	1,124,320	1,348,603	1,620,183	1,708,336	1,763,866	1,740,177	2,006,401	2,110,599
Interest earnings	33,644	328,024	430,938	40,313	658	646	4,408	8,581	16,888	367
Miscellaneous	91,378	44,741	60,076	91,983	237,479	160,545	33,662	82,265	128,962	57,418
State sources	4,722,738	5,202,671	5,595,869	5,257,966	5,445,222	5,892,660	6,018,375	6,185,102	6,529,118	6,833,759
Federal sources	158,101	160,856	170,565	242,634	302,820	292,200	263,895	329,332	383,554	398,008
<b>Total revenue</b>	<b>10,166,713</b>	<b>11,332,387</b>	<b>12,210,420</b>	<b>12,124,709</b>	<b>13,370,193</b>	<b>14,399,493</b>	<b>14,752,214</b>	<b>15,242,726</b>	<b>16,508,709</b>	<b>17,010,208</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,620,298	3,860,481	3,860,892	4,160,761	4,406,781	4,863,762	4,873,508	5,027,731	5,181,738	5,053,887
Special education instruction	355,683	418,346	437,924	339,812	498,128	541,332	510,253	525,957	652,306	834,121
Other instruction	675,495	778,923	700,611	724,086	692,837	687,559	744,438	741,710	812,182	828,981
<b>Support Services:</b>										
Tuition	471,467	537,287	551,999	539,516	620,110	558,267	603,192	913,777	829,074	735,708
Student & instruction related services	890,003	1,071,782	1,144,430	1,188,965	1,115,571	1,230,055	1,126,720	1,025,649	1,183,653	1,390,855
School administrative services	385,113	428,144	408,330	413,651	405,667	434,232	459,813	520,675	370,281	356,932
General and business admin. services	309,796	306,253	609,132	601,901	588,445	688,272	735,798	637,367	695,328	743,474
Plant operations and maintenance	992,185	1,227,125	1,549,966	1,363,944	1,468,478	1,699,139	1,946,753	1,688,137	1,926,973	1,811,534
Pupil transportation	178,311	192,139	218,192	215,892	245,137	226,664	238,156	294,678	297,047	354,507
Other support services	1,774,875	1,667,169	1,513,250	1,515,616	2,072,542	2,277,820	2,472,148	2,633,115	3,268,370	3,431,311
Special Schools	45,001	47,100	27,043	48,595	34,837	11,494	19,130			
Capital outlay	328,371	8,039,320	1,307,109	135,285	195,976	400,808	365,517	457,980	479,037	446,567
<b>Debt service:</b>										
Principal	70,000	300,000	350,000	370,000	395,000	425,000	455,000	460,000	480,000	500,000
Interest and other charges	45,918	473,806	446,389	426,177	405,014	382,417	358,386	336,632	314,782	291,983
<b>Total expenditures</b>	<b>10,142,516</b>	<b>19,347,875</b>	<b>13,121,267</b>	<b>12,044,201</b>	<b>13,142,521</b>	<b>14,425,021</b>	<b>14,908,812</b>	<b>15,263,408</b>	<b>16,490,771</b>	<b>16,777,860</b>
Excess (Deficiency) of revenues over (under) expenditures	24,197	(8,015,488)	(910,847)	80,508	227,672	(25,528)	(156,598)	(20,682)	17,938	232,348
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	9,000,000									
Contributions									187,257	
Prior Year Receivable Canceled			(86,779)				(145,180)			
Transfers in	5,122	298,334	387,916	86,964			145,000	27,575		333,833
Transfers out	(5,122)	(298,334)	(387,916)	(86,964)		(21,841)	(172,575)		(18,000)	(333,833)
<b>Total other financing sources (uses)</b>	<b>9,000,000</b>	<b>-</b>	<b>(86,779)</b>	<b>-</b>	<b>-</b>	<b>(21,841)</b>	<b>(172,755)</b>	<b>27,575</b>	<b>169,257</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 9,024,197</b>	<b>\$ (8,015,488)</b>	<b>\$ (997,626)</b>	<b>\$ 80,508</b>	<b>\$ 227,672</b>	<b>\$ (47,369)</b>	<b>\$ (329,353)</b>	<b>\$ 6,893</b>	<b>\$ 187,195</b>	<b>\$ 232,348</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.18%</b>	<b>6.84%</b>	<b>6.74%</b>	<b>6.69%</b>	<b>6.18%</b>	<b>5.76%</b>	<b>5.59%</b>	<b>5.38%</b>	<b>4.96%</b>	<b>4.85%</b>
<b>Source: District records</b>										
<b>Note: Noncapital expenditures are total expenditures less capital outlay.</b>										

**Sterling High School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Summer School</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Gate Receipts</u>	<u>Shared Services</u>	<u>Miscellaneous</u>	<u>Total</u>
1999	\$ 28,522	\$ 31,655	\$ 975,117	\$ 1,611	\$ 10,827		\$ 471	\$ 1,048,203
2000	35,690	14,540	1,327,333	3,261	1,531		521	1,382,876
2001	45,372		1,124,320				57,726	1,227,418
2002	40,313		1,348,603				91,983	1,480,899
2003	9,981		1,620,183		13,506	\$ 179,387	35,263	1,858,320
2004	5,468		1,708,336	200	14,476	132,047	9,000	1,869,527
2005	18,126	2,900	1,763,866		12,434		4,610	1,801,936
2006	17,038	4,585	1,740,177		12,545	56,678		1,831,023
2007	60,832		2,006,401		16,908		68,110	2,152,251
2008	32,493		2,110,599		17,544		7,748	2,168,384
	<u>\$ 293,835</u>	<u>\$ 53,680</u>	<u>\$ 15,724,935</u>	<u>\$ 5,072</u>	<u>\$ 99,771</u>	<u>\$ 368,112</u>	<u>\$ 275,432</u>	<u>\$ 16,820,837</u>

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Source: District records

Sterling High School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

**BOROUGH OF MAGNOLIA**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
1999	\$ 3,376,000	\$ 126,066,300	\$ 15,626,400	\$ 5,228,200	\$ 6,945,900	\$ 157,244,800	\$ 230,208	\$ 157,475,006	\$ 22,816,900	\$ 0.643	\$ 149,439,648
2000	3,225,800	126,183,200	15,637,400	5,228,200	6,945,900	157,220,600	247,318	157,467,918	22,887,100	0.718	147,965,324
2001	3,338,100	126,437,000	15,329,700	5,228,200	6,945,900	157,268,900	254,152	157,523,052	22,658,200	0.631	151,832,480
2002	3,271,800	126,749,900	15,800,300	5,928,200	6,945,900	158,668,100	248,068	158,895,166	23,919,100	0.923	157,378,502
2003	2,960,400	126,875,700	16,069,800	5,928,200	6,945,900	158,806,000	266,143	159,072,143	23,102,900	0.849	163,518,762
2004	2,971,800	127,343,000	15,975,100	5,733,800	6,945,900	158,969,600	238,064	159,205,664	22,990,100	1.074	175,878,211
2005	2,838,200	127,653,600	16,452,400	5,331,800	6,945,900	159,222,000	208,251	159,430,251	23,003,500	0.960	188,478,779
2006	3,108,200	128,113,000	16,359,000	4,992,700	6,945,900	159,518,800	159,095	159,676,895	22,844,500	1.120	225,905,501
2007	3,810,200	128,799,900	15,849,300	4,706,900	6,945,900	159,912,200	118,800	160,031,000	23,275,700	1.142	268,550,405
2008	3,669,300	128,499,600	15,631,600	4,635,600	6,945,900	160,382,000	139,785	160,521,785	23,275,700	1.108	Not Available

**BOROUGH OF SOMERDALE**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
1999	\$ 1,993,700	\$ 145,992,700	\$ 30,234,300	\$ 8,751,500	\$ 6,881,800	\$ 193,854,000	\$ 491,789	\$ 194,345,789	\$ 15,544,800	\$ 0.768	\$ 182,268,239
2000	1,974,100	145,956,300	30,868,800	9,107,800	6,881,800	194,588,800	508,943	195,095,743	15,510,400	0.775	185,001,474
2001	1,999,000	145,707,900	30,564,800	8,937,300	6,881,800	194,085,600	518,639	194,604,239	15,284,500	0.821	193,362,487
2002	2,008,600	145,282,600	30,941,900	8,907,300	6,881,800	194,022,200	516,944	194,539,144	15,290,800	0.725	196,568,934
2003	2,018,600	145,703,000	30,801,000	8,907,300	6,881,800	194,311,700	511,380	194,823,090	15,119,100	1.072	207,794,505
2004	1,981,200	145,828,800	30,747,500	8,907,300	6,881,800	194,424,600	459,447	194,884,047	15,562,100	1.053	220,357,342
2005	1,923,600	146,388,800	27,479,800	8,881,700	6,881,800	191,535,800	402,259	191,938,059	15,651,400	1.147	230,435,501
2006	1,891,800	146,789,900	27,484,200	8,351,300	6,881,800	191,389,000	417,872	191,816,872	16,366,900	1.210	264,452,196
2007	1,729,600	147,447,900	27,490,900	8,351,300	6,881,800	191,901,500	293,365	192,194,865	16,554,400	1.235	313,463,600
2008	1,652,800	148,046,400	27,557,800	8,351,300	6,881,800	192,690,100	267,761	192,957,861	25,266,420	1.185	Not Available

**BOROUGH OF STRATFORD**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
1999	\$ 1,127,200	\$ 220,364,600	\$ 59,767,802	\$ 11,824,200	\$ 11,824,200	\$ 283,213,602	\$ 1,369,900	\$ 284,603,702	\$ 100,101,300	\$ 0.715	\$ 281,113,433
2000	1,069,100	219,975,000	52,291,900	11,824,200	11,824,200	285,110,200	1,040,300	286,159,500	107,607,500	0.766	280,568,641
2001	803,900	220,181,000	52,475,900	11,719,200	11,719,200	285,179,600	1,063,900	286,243,500	107,981,200	0.783	285,261,277
2002	1,393,500	220,045,700	50,233,900	11,719,200	11,719,200	283,392,300	1,046,845	284,439,145	107,848,400	0.865	291,177,877
2003	632,700	220,907,800	51,409,500	11,719,200	11,719,200	284,869,200	1,047,764	285,916,964	107,656,200	0.961	306,314,570
2004	897,100	221,087,300	51,635,800	11,719,200	11,719,200	285,339,400	907,789	286,247,199	107,378,800	1.014	329,892,851
2005	991,500	221,322,200	51,888,300	11,719,200	11,719,200	285,921,200	793,350	286,714,550	114,410,400	1.087	353,190,249
2006	1,217,600	222,038,200	51,677,500	11,719,200	11,719,200	286,652,500	627,546	287,280,046	114,281,300	1.160	405,841,538
2007	1,279,900	222,360,900	50,205,800	11,719,200	11,719,200	285,564,900	568,657	286,151,557	114,281,300	1.190	450,575,963
2008	1,102,000	223,214,100	50,293,300	11,719,200	11,719,200	286,328,600	533,921	286,862,521	114,170,300	1.158	Not Available

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Starling High School District**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

J-7

Fiscal Year Ended June 30,	Direct Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	Regional School District	Local School District	Borough	Camden County	
<b><u>BOROUGH OF MAGNOLIA</u></b>					
1999	\$ 0.643	\$ 1.176	\$ 0.767	\$ 0.874	\$ 3.460
2000	0.718	1.234	0.807	0.871	3.630
2001	0.831	1.274	0.882	0.903	3.890
2002	0.923	1.269	1.013	0.955	4.160
2003	0.949	1.365	1.051	0.995	4.360
2004	1.074	1.458	1.035	0.979	4.546
2005	0.990	1.610	1.055	0.981	4.636
2006	1.120	1.752	1.109	1.147	5.128
2007	1.142	2.001	1.158	1.180	5.481
2008	1.108	1.893	1.329	1.171	5.501
<b><u>BOROUGH OF SOMERDALE</u></b>					
1999	\$ 0.768	\$ 1.161	\$ 0.874	\$ 0.911	\$ 3.714
2000	0.775	1.167	0.874	0.924	3.740
2001	0.821	1.145	0.873	0.932	3.771
2002	0.725	1.214	0.978	1.012	3.929
2003	1.072	1.440	0.918	1.030	4.460
2004	1.053	1.539	0.998	1.001	4.591
2005	1.147	1.623	1.062	0.979	4.811
2006	1.210	1.707	1.161	1.118	5.196
2007	1.235	1.772	1.293	1.147	5.447
2008	1.185	1.765	1.409	1.127	5.486
<b><u>BOROUGH OF STRATFORD</u></b>					
1999	\$ 0.715	\$ 1.248	\$ 0.521	\$ 0.836	\$ 3.320
2000	0.766	1.289	0.555	0.860	3.470
2001	0.783	1.307	0.592	0.871	3.553
2002	0.865	1.379	0.636	0.910	3.790
2003	0.961	1.532	0.678	0.966	4.137
2004	1.014	1.678	0.705	0.950	4.347
2005	1.087	1.791	0.762	0.954	4.594
2006	1.160	1.927	0.849	1.055	4.991
2007	1.190	2.022	1.006	1.037	5.255
2008	1.158	2.040	1.162	1.026	5.386

Source: Municipal Tax Collector

Sterling High School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

J-8

**BOROUGH OF MAGNOLIA**

Taxpayer	2007-2008		Taxpayer	1998-1999	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Barrington SFP Associates	\$ 4,014,200	2.50%	Owens Corning Fiberglass Corp.	\$ 3,600,000	2.29%
Coventry Place Apartments	3,150,000	1.96%	Coventry Place Apartments	3,150,000	2.00%
Wallgreen Eastern	1,400,000	0.87%	Raab Family	1,392,000	0.88%
Raab Family	1,392,000	0.87%	Raab Family	1,000,000	0.64%
Green Gardens Apt. LLC	1,000,000	0.62%	Eng., Derek, Kim-Yup	903,900	0.57%
FVB Enterprises - Hobby Shop	975,000	0.61%	Felix V. Bass/FVB Enterprise	975,000	0.62%
Raab Family	903,900	0.56%	Tam Dor Associates	800,000	0.38%
Albert Gentile	637,000	0.40%	Bolat Mithal & D. Ibisi	650,000	0.41%
Scannell Urban Renewal	588,800	0.37%	JMK Investments Co.	524,400	0.33%
Eckerd Corporation	547,000	0.34%	Louis Fishman	495,500	0.31%
<b>Total</b>	<b>\$ 14,607,900</b>	<b>9.10%</b>		<b>\$ 13,290,800</b>	<b>8.44%</b>

**BOROUGH OF SOMERDALE**

Taxpayer	2007-2008		Taxpayer	1998-1999	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
National Realty Property Owners	\$ 7,000,000	3.63%	National Realty Property Owners	\$ 9,820,300	5.05%
JMK Investment Co.	1,282,500	0.66%	JMK Investment Co.	3,018,100	1.55%
Buchman, Myron & Tanya	2,319,500	1.20%	Buchman, Myron & Tanya	2,319,500	1.19%
Kiedjan Family, LLC	1,046,100	0.54%	Warwick Terrace	1,360,800	0.70%
Warwick Terrace	1,330,000	0.69%	Somerdale Equities, LLC	1,237,500	0.64%
Somerdale Equities, LLC	1,237,500	0.64%	P. Kiejdan	1,046,100	0.54%
600 White Horse Pike, LLC	1,153,000	0.60%	WaWa LLC	949,200	0.49%
WAWN, LLC	870,000	0.45%	Rite Aid of New Jersey	696,800	0.36%
Rite Aid of New Jersey	696,800	0.36%	Somerdale Diner and Restaurant	670,500	0.35%
Chotes Enterprises	501,000	0.26%	Fresta Associates	635,500	0.33%
<b>Total</b>	<b>\$ 17,436,400</b>	<b>9.04%</b>		<b>\$ 21,754,300</b>	<b>11.19%</b>

**BOROUGH OF STRATFORD**

Taxpayer	2007-2008		Taxpayer	1998-1999	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
AEJ Stratford LLC	\$ 4,791,900	1.67%	The Glimcher Co.	\$ 7,144,500	2.43%
Woodmere Investment Association	4,200,000	1.46%	Juster Management Co.	6,059,000	2.06%
J Teitelbaum Nursing Home	2,913,000	1.02%	WHCS Real Estate	4,200,000	1.43%
Echelon Ford	2,841,100	0.99%	LaMartinique Bowling Academy	2,949,500	1.00%
Laurel Mills	1,940,000	0.68%	J Teitelbaum Nursing Home	2,913,000	0.99%
Stratford Properties, LLC	1,784,600	0.62%	Echelon Ford	2,791,000	0.95%
Gross & Kowit Shopping Center	1,634,900	0.57%	Camden Securities Co.	1,950,000	0.66%
LaMartinique Bowling Academy	1,560,600	0.54%	Gross & Kowit Shopping Center	1,634,900	0.55%
Stanton Meitzer	1,489,200	0.52%	Stratford Court	1,600,000	0.54%
Aldi, Inc	1,439,300	0.50%	Bishop 89 Associates	1,520,000	0.52%
<b>Total</b>	<b>\$ 24,574,600</b>	<b>8.57%</b>		<b>\$ 32,761,900</b>	<b>11.12%</b>

Source: Municipal Tax Assessor

**Sterling High School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 4,253,891	\$ 4,253,891	100.00%	-
2000	4,606,067	4,606,067	100.00%	-
2001	4,828,652	4,828,652	100.00%	-
2002	5,143,210	5,143,210	100.00%	-
2003	5,763,831	5,763,831	100.00%	-
2004	6,345,106	6,345,106	100.00%	-
2005	6,668,008	6,668,008	100.00%	-
2006	6,897,269	6,897,269	100.00%	-
2007	7,443,786	7,443,786	100.00%	-
2008	7,610,057	7,610,057	100.00%	-

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

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

**Sterling High School District**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>		
	General Obligation Bonds	Capital Leases	Capital Leases	Total District		Magnolia	Somerdale	Stratford
1999	\$ 9,412,000	\$ -	\$ -	\$ 9,412,000	1.90%	\$ 1,988	\$ 1,716	\$ 1,294
2000	9,082,000	-	-	9,082,000	1.83%	2,060	1,749	1,251
2001	8,732,000	-	-	8,732,000	1.67%	1,989	1,692	1,208
2002	8,362,000	-	-	8,362,000	1.55%	1,903	1,619	1,158
2003	7,967,000	-	-	7,967,000	1.43%	1,822	1,550	1,109
2004	7,542,000	-	-	7,542,000	1.31%	1,733	1,475	1,057
2005	7,087,000	-	-	7,087,000	1.18%	1,631	1,388	996
2006	6,627,000	-	-	6,627,000	1.05%	1,523	1,302	937
2007	6,147,000	-	-	6,147,000	c	1,418	1,210	873
2008	5,647,000	-	-	5,647,000	c	c	c	c

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

a Personal income data can be found in Exhibit J-14.

b Population data can be found in Exhibit J-14.

c Not available

**Sterling High School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property			Per Capita <sup>b</sup>		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Magnolia	Somerdale	Stratford	Magnolia	Somerdale	Stratford
	1999	\$ 9,412,000	\$ -	\$ 9,412,000	5.98%	4.84%	3.19%	\$ 1,988	\$ 1,716
2000	9,082,000	-	9,082,000	5.77%	4.66%	3.17%	2,060	1,749	1,251
2001	8,732,000	-	8,732,000	5.55%	4.49%	3.05%	1,989	1,692	1,208
2002	8,362,000	-	8,362,000	5.27%	4.30%	2.94%	1,903	1,619	1,158
2003	7,967,000	-	7,967,000	5.01%	4.09%	2.79%	1,822	1,550	1,109
2004	7,542,000	-	7,542,000	4.74%	3.87%	2.63%	1,733	1,475	1,057
2005	7,087,000	-	7,087,000	4.45%	3.69%	2.47%	1,631	1,388	996
2006	6,627,000	-	6,627,000	4.15%	3.45%	2.31%	1,523	1,302	937
2007	6,147,000	-	6,147,000	3.84%	3.20%	2.15%	1,418	1,210	873
2008	5,647,000	-	5,647,000	3.52%	2.93%	1.97%	c	c	c

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

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

c Not available

**Sterling High School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2008**

**J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Magnolia	\$ 4,269,407	100.000%	\$ 4,269,407
Borough of Somerdale	6,584,596	100.000%	6,584,596
Borough of Stratford	4,580,042	100.000%	4,580,042
Camden County General Obligation Debt	51,750,583	2.720%	1,407,616
			<hr/>
Subtotal, overlapping debt			16,841,661
<b>Sterling High School District Direct Debt</b>			<hr/> <b>5,647,000</b>
<b>Total direct and overlapping debt</b>			<hr/> <b>\$ 22,488,661</b> <hr/>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Camden County Board of Taxation.

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

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

Legal Debt Margin Calculation for Fiscal Year 2008

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 18,991,898	\$ 18,748,226	\$ 18,665,191	\$ 18,909,888	\$ 18,961,470	\$ 19,477,441	\$ 20,147,864	\$ 29,206,523	\$ 32,127,249	\$ 36,045,654
Total net debt applicable to limit	9,412,000	9,082,000	8,732,000	8,362,000	7,967,000	7,542,000	7,987,000	6,627,000	6,147,000	5,647,000
Legal debt margin	\$ 9,579,898	\$ 9,666,226	\$ 9,933,191	\$ 10,547,888	\$ 10,994,470	\$ 11,935,441	\$ 13,060,864	\$ 22,579,523	\$ 25,980,249	\$ 30,398,654
Total net debt applicable to the limit as a percentage of debt limit	49.56%	48.44%	46.78%	44.22%	42.02%	38.72%	35.17%	22.69%	19.13%	15.67%

Equalized valuation basis	
2007	\$ 1,013,945,764
2006	896,025,795
2005	793,452,524
[A]	<u>\$2,703,424,083</u>
Average equalized valuation of taxable property	[A/3] \$ 901,141,361
Debt limit (4% of average equalized valuation)	[B] 36,045,654 <sup>a</sup>
Net bonded school debt	[C] 5,647,000
Legal debt margin	<u>[B-C] \$ 30,398,654</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district.

**Sterling High School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

J-14

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Year	Population <sup>a</sup>			Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income	Unemployment Rate <sup>d</sup>		
	Magnolia	Somerdale	Stratford			Magnolia	Somerdale	Stratford
1999	4,734	5,484	7,271	\$ 495,166,057	\$ 28,313	3.1%	3.3%	3.5%
2000	4,409	5,192	7,260	497,197,168	29,488	2.7%	2.8%	3.0%
2001	4,390	5,160	7,226	524,400,984	31,259	2.8%	2.9%	3.1%
2002	4,395	5,165	7,219	538,169,646	32,074	3.9%	4.1%	4.4%
2003	4,373	5,140	7,181	556,895,146	33,359	4.1%	4.3%	4.6%
2004	4,351	5,114	7,135	576,269,000	34,715	3.7%	3.8%	4.1%
2005	4,346	5,105	7,114	600,017,430	36,222	8.0%	4.7%	3.8%
2006	4,350	5,089	7,075	630,983,426	38,209	8.6%	5.1%	4.1%
2007	4,334	5,079	7,044	e	e	7.9%	4.6%	3.8%
2008	e	e	e	e	e	e	e	e

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income has been established based upon the municipal population and per capita personal income presented.
- <sup>c</sup> Per Capita personal income by municipality is estimated based upon the 2000 Census published by the US Bureau of Economic Analysis, U.S. Dept. of Commerce.
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development
- <sup>e</sup> Information not available

**Sterling High School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

J-16

<b>Function/Program</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Instruction</b>										
Regular	74	77	80	80	80	81	80	79	80	80.6
Special education	6	6	6	6	6	6	6	6	8	11.8
Other special education		5	11	11	11	11	12	13	15	12.0
Other instruction	3	3	3	3	4	4	4	6	6	6.0
<b>Support Services:</b>										
School administrative services	7	7	7	7	7	7	7	7	6	6.7
District administrative services	2	2	2	2	2	2	2	2	2	2.0
Plant operations and maintenance	11	14	16	16	16	17	17	17	17	17.0
Business and other support services	4	4	4	4	4	4	4	4	4	4.0
<b>Total</b>	<b>107</b>	<b>118</b>	<b>129</b>	<b>129</b>	<b>130</b>	<b>132</b>	<b>132</b>	<b>134</b>	<b>138</b>	<b>140.1</b>

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Source: District Annual Superintendent's Report

**Sterling High School District  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Operating Expenditures <sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff <sup>b</sup></u>	<u>Pupil/Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE) <sup>c</sup></u>	<u>Average Daily Attendance (ADA) <sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
1999	840	\$ 9,692,737	\$ 11,538.97	3.77%	70	1:12	849.2	797.1	1.86%	93.86%
2000	869	10,605,247	12,203.97	5.76%	79	1:11	879.8	823.1	3.60%	93.56%
2001	874	11,050,698	12,643.82	3.60%	73	1:12	896.9	829.8	1.94%	92.52%
2002	913	11,112,739	12,171.67	-3.73%	76	1:12	924.9	870.6	3.12%	94.13%
2003	913	12,146,531	13,303.98	9.30%	76	1:12	927.2	876.9	0.25%	94.58%
2004	943	13,216,796	14,015.69	5.35%	86	1:11	961.4	899.4	3.68%	93.55%
2005	956	13,729,909	14,361.83	2.47%	86	1:11	970.1	904.6	0.90%	93.25%
2006	974	14,008,796	14,382.75	0.15%	85	1:11	978.4	912.8	0.86%	93.30%
2007	995	15,216,952	15,293.42	6.33%	88	1:11	1,049.0	994.0	7.22%	94.76%
2008	1,047	15,539,310	14,841.75	-2.95%	91	1:11	1,001.2	958.2	-4.56%	95.71%

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**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures from Exhibit J-4 less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Sterling High School District  
School Building Information  
Last Ten Fiscal Years**

J-18

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b><u>District Building</u></b>										
<b><u>High School</u></b>										
Sterling High (1960)										
Square Feet	114,369	114,369	160,844	160,844	160,844	160,844	160,844	160,844	160,844	160,844
Capacity (students)	883	883	995	995	995	995	995	995	995	995
Enrollment	840	869	874	913	913	943	956	974	995	1,047
<b><u>Other</u></b>										
Garage										
Square Feet	6,000	6,000	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600
Concession Stand										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
South Jersey Technology Program/ Concession Stand - Square Feet										
										11,420

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**Number of Schools at June 30, 2008**

- Elementary = 0
- Middle School = 0
- Senior High School = 1
- Other = 2

**Source:** District Facilities Office

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

**Sterling High School District  
 Schedule of Required Maintenance  
 Last Eight Fiscal Years**

**J-19**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx**

	2001	2002	2003	2004	2005	2006	2007	2008	Total
* School Facilities									
High School	\$ 759,523	\$ 511,480	\$ 517,450	\$ 321,574	\$ 565,517	\$ 378,316	\$ 506,187	\$ 462,593	\$ 4,022,640
Total School Facilities	<u>\$ 759,523</u>	<u>\$ 511,480</u>	<u>\$ 517,450</u>	<u>\$ 321,574</u>	<u>\$ 565,517</u>	<u>\$ 378,316</u>	<u>\$ 506,187</u>	<u>\$ 462,593</u>	<u>\$ 4,022,640</u>

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

Source: District records

**Sterling High School District  
Insurance Schedule  
June 30, 2008**

**J-20**

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
<b>School Package Policy (1)</b>			
<b>Building and Contents (All Locations)</b>			
Limits of liability per occurrence	\$ 60,000,000		\$ 1,000
General and Automobile Liability	5,000,000		1,000
Excess Liability	10,000,000	\$ 10,000	
<b>School Leaders Errors &amp; Omission (2)</b>	1,000,000		1,000
<b>Workers' Compensation (2)</b>	Statutory		
<b>Surety Bonds (3)</b>			
Treasurer	200,000		
Board Secretary	75,000		

- (1) School Alliance Insurance Fund
- (2) New Jersey School Boards Association Insurance Group
- (3) Selective Insurance Group

**Source: District records**

**Single Audit Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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American Institute of CPAs  
New Jersey Society of CPAs**

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

The Honorable President and Members  
of the Board of Education  
Sterling High School District  
County of Camden  
Somerdale, New Jersey

### **Compliance**

We have audited the compliance of the Board of Education of the Sterling High School District, in the County of Camden, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. Sterling High School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Sterling High School District's management. Our responsibility is to express an opinion on the Sterling High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Sterling High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Sterling High School District's compliance with those requirements.

In our opinion, the Board of Education of the Sterling High School District, in the County of Camden, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed two instances of noncompliance with those requirements, which are required to be reported in accordance with New Jersey OMB's Circular 04-04, and which are described in the accompanying schedule of findings and questioned costs as items # 2008-1 and #2008-2.

**Internal Control Over Compliance**

The management of the Sterling High School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Sterling High School District's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sterling High School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

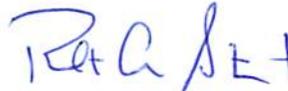
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

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

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

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert A. Stewart  
Public School Accountant

Marlton, New Jersey  
August 29, 2008

STERLING HIGH SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2007			Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2008		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I:														
Fiscal Year 2007	84 010	NCLB503507	\$ 65,567	9/1/06 - 8/31/07		\$ 13,945	\$ (13,945)							
Fiscal Year 2007 - Carryover	84 010	NCLB503507	65,587	9/1/07 - 8/31/08			13,945							
Fiscal Year 2008	84 010	NCLB503503	42,581	9/1/07 - 8/31/08				\$ 42,581	\$ (13,945)			\$ 1,896		
Title II A:														
Fiscal Year 2007	84 367	NCLB503507	21,321	9/1/06 - 8/31/07		3,336	(3,336)							
Fiscal Year 2007 - Carryover	84 367	NCLB503507	21,321	9/1/07 - 8/31/08			3,336			(3,336)				
Fiscal Year 2008	84 367	NCLB503508	21,597	9/1/07 - 8/31/08				21,597		(20,226)			1,371	
Title II D:														
Fiscal Year 2008	84 316	NCLB503503	312	9/1/07 - 8/31/08					312				312	
Title IV:														
Fiscal Year 2008	84 188A	NCLB503503	2,660	9/1/07 - 8/31/08					2,660				2,660	
Title V:														
Fiscal Year 2007	84 298	NCLB503507	1,206	9/1/06 - 8/31/07		479	(479)							
Fiscal Year 2007 - Carryover	84 298	NCLB503507	1,206	9/1/07 - 8/31/08			479			(479)				
Fiscal Year 2008	84 298	NCLB503508	1,108	9/1/07 - 8/31/08				1,108					1,108	
I.D.E.A. Part B - Basic:														
Fiscal Year 2007	84 027	FT503507	174,959	9/1/06 - 8/31/07		52,055	(52,055)							
Fiscal Year 2007 - Carryover	84 027	FT503507	174,959	9/1/07 - 8/31/08			52,055			(52,055)				
Fiscal Year 2008	84 027	FT503503	188,796	9/1/07 - 8/31/08				188,796		(145,397)			43,399	
Carl D. Perkins:														
Fiscal Year 2007	84 048	PERK5035-07	18,923	9/1/06 - 8/31/07	\$ (18,923)				18,923					
Fiscal Year 2008	84 048	PERK5035-03	23,612	9/1/07 - 8/31/08					23,612	(7,300)			18,312	
Safe and Drug Free														
Fiscal Year 2007	84 188A	Q164D050021	76,348	9/1/06 - 8/31/07	(34,910)	25,955		34,910		(25,955)				
Fiscal Year 2008	84 188A	Q164D050021	82,026	9/1/07 - 8/31/08				48,487		(75,328)		\$ (35,550)	6,897	
Tech-Prep: (Passed through Camden County College)														
Fiscal Year 2007	84 243	07000061	25,746	9/1/06 - 8/31/07	(9,579)	13,301		9,579		(13,301)				
<b>Total U.S. Department of Education</b>					<b>(63,412)</b>	<b>109,071</b>	<b>-</b>	<b>-</b>	<b>390,565</b>	<b>(398,005)</b>	<b>-</b>	<b>(35,559)</b>	<b>73,775</b>	
<b>U.S. Department of Agriculture</b>														
Passed-through State Department of Education:														
Food Distribution Program:														
Fiscal Year 2008	10 550	N/A	7,776	7/1/07 - 6/30/08				7,776		(7,776)				
National School Lunch Program:														
Fiscal Year 2007	10 555	N/A	47,948	7/1/06 - 6/30/07	(2,042)			2,042						
Fiscal Year 2008	10 555	N/A	64,238	7/1/07 - 6/30/08				59,086		(64,236)		(5,150)		
<b>Total U.S. Department of Agriculture</b>					<b>(2,042)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,804</b>	<b>(72,012)</b>	<b>-</b>	<b>(5,150)</b>	<b>-</b>	
<b>Total Federal Awards</b>					<b>\$ (65,454)</b>	<b>\$ 109,071</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 459,469</b>	<b>\$ (470,020)</b>	<b>\$ -</b>	<b>\$ (40,709)</b>	<b>\$ 73,775</b>	<b>\$ -</b>

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

STERLING HIGH SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2008

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2007			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2008		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>													
<b>General Fund:</b>													
Core Curriculum Standards Aid	07-495-034-5120-022	\$ 3,297,645	7/1/06- 6/30/07	\$ (171,805)				\$ 171,805					
Core Curriculum Standards Aid	08-495-034-5120-022	3,297,645	7/1/07- 6/30/08					3,063,581	\$ (3,297,645)		\$ (234,064)		
Supplemental Core Curriculum Standards Aid	07-495-034-5120-023	366,237	7/1/06- 6/30/07	(18,312)				18,312					
Supplemental Core Curriculum Standards Aid	08-495-034-5120-023	366,237	7/1/07- 6/30/08					366,237	(366,237)				
Transportation Aid	07-495-034-5120-014	45,126	7/1/06- 6/30/07	(2,256)				2,256					
Transportation Aid	08-495-034-5120-014	45,126	7/1/07- 6/30/08					45,126	(45,126)				
Special Education Aid	07-495-034-5120-011	686,884	7/1/06- 6/30/07	(14,772)				14,772					
Special Education Aid	08-495-034-5120-011	686,884	7/1/07- 6/30/08					686,884	(686,884)				
Stabilization Aid	07-495-034-5120-030	100,000	7/1/06- 6/30/07	(5,000)				5,000					
Stabilization Aid	08-495-034-5120-030	100,000	7/1/07- 6/30/08					100,000	(100,000)				
Consolidated Aid	07-495-034-5120-057	94,579	7/1/06- 6/30/07	(4,729)				4,729					
Consolidated Aid	08-495-034-5120-057	94,579	7/1/07- 6/30/08					94,579	(94,579)				
Additional Formula Aid	07-495-034-5120-057	138,278	7/1/06- 6/30/07	(4,469)				4,469					
Additional Formula Aid	08-495-034-5120-057	280,707	7/1/07- 6/30/08					280,707	(280,707)				
Targeted At Risk Aid	08-495-034-5064-005	42,000	7/1/07- 6/30/08					42,000	(42,000)				
Teacher Quality Mentoring Aid	08-495-034-5120-052	1,303	7/1/07- 6/30/08					1,303	(1,303)				
Extraordinary Special Educ. Costs Aid	07-495-034-5120-044	30,353	7/1/06- 6/30/07	(30,353)				30,353					
Extraordinary Special Educ. Costs Aid	08-495-034-5120-044	31,951	7/1/07- 6/30/08						(31,951)		(31,951)		
On-behalf TPAF Pension Contributions	08-100-034-5095-050	1,027,636	7/1/07- 6/30/08					1,027,636	(1,027,636)				
Reimbursed TPAF Social Security Contr.	07-100-034-5095-051	405,782	7/1/06- 6/30/07	(23,825)				23,825					
Reimbursed TPAF Social Security Contr.	08-100-034-5095-051	467,377	7/1/07- 6/30/08					442,640	(487,377)		(24,737)		
<b>Total General Fund</b>				<u>(275,521)</u>				<u>6,426,214</u>	<u>(6,441,445)</u>		<u>(280,752)</u>		
<b>Special Revenue Fund:</b>													
Instructional Supplement Aid	07-495-034-5120-029	18,843	7/1/06- 6/30/07	(942)				942					
Instructional Supplement Aid	08-495-034-5120-029	18,843	7/1/07- 6/30/08					17,848	(18,790)		(942)		
Character Education Aid	08-495-034-5120-053	4,000	7/1/06- 6/30/07		\$ 600	\$ (600)							
<b>Total Special Revenue Fund</b>				<u>(942)</u>	<u>600</u>	<u>(600)</u>		<u>18,790</u>	<u>(18,790)</u>		<u>(942)</u>		
<b>Debt Service Fund:</b>													
Debt Service Aid Type II	08-495-034-5120-125	385,245	7/1/07- 6/30/08					385,245	(385,245)				
<b>State Department of Agriculture</b>													
<b>Enterprise Fund:</b>													
National School Lunch Program (State Share)													
Fiscal Year 2008	08-100-010-3360-067	3,795	7/1/07- 6/30/08					3,501	(3,795)		(294)		
Fiscal Year 2007	07-100-010-3360-067	3,221	7/1/06- 6/30/07	(133)				133					
				<u>(133)</u>				<u>3,634</u>	<u>(3,795)</u>		<u>(294)</u>		
<b>Total State Financial Assistance</b>				<u>\$ (276,596)</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ (600)</u>	<u>\$ 6,833,883</u>	<u>\$ (6,849,275)</u>	<u>\$ -</u>	<u>\$ (291,688)</u>	<u>\$ -</u>	

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

**Sterling High School District  
Notes to Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2008**

**I. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Sterling High School District. The Board of Education is defined in Note I to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,721) for the general fund and \$0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>General Fund</b>		\$ 6,429,724	\$ 6,429,724
<b>Special Revenue Fund</b>	\$ 398,008	18,790	416,798
<b>Capital Projects Fund</b>			0
<b>Debt Service Fund</b>		385,245	385,245
<b>Food Service Fund</b>	<u>72,012</u>	<u>3,795</u>	<u>75,807</u>
<b>Total Awards &amp; Financial Assistance</b>	<u>\$ 470,020</u>	<u>\$ 6,837,554</u>	<u>\$ 7,307,574</u>

**Sterling High School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2008  
(Continued)**

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2008. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2008.

**6. MAJOR PROGRAMS**

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



**STERLING HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Section 1 -- Summary of Auditor's Results (Continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?  X  yes   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>08-495-034-5120-022</u>	<u>Core Curriculum Standards Aid</u>
<u>08-495-034-5120-023</u>	<u>Supplemental Core Curriculum Standards Aid</u>
<u>08-495-034-5120-011</u>	<u>Special Education Aid</u>
<u>08-100-034-5095-051</u>	<u>TPAF Rimbursed Social Security</u>
<u>08-100-010-3360-067</u>	<u>National School Lunch Program (State Share)</u>
<u>08-495-034-5120-125</u>	<u>Debt Service Type II Aid</u>
<u> </u>	<u> </u>

**STERLING HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

***Section 2 – Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraph 5.18 through 5.20 of *Government Auditing Standards* and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

No findings identified.

**STERLING HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

*Section 3 -- Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs*

This section identifies the audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

**FEDERAL AWARDS**

A Federal single audit was not required.

**STATE AWARDS**

*Finding #2008-1*

**Information on the state program:**

Core Curriculum Standards Aid; GMIS No. 08-495-034-5120-022; State Department of Education.

**Criteria or specific requirement:**

N.J.S.A. 18A:11-12 states that reimbursement may be approved for the cost of an official luncheon or dinner that an employee is authorized to attend (up to \$7 for lunch and \$10 for dinner), where such meal is scheduled as an integral part of an official proceeding or program related to district business.

**Condition:**

Certain school district employees were reimbursed for meals in excess of the amount approved under N.J.S.A. 18A:11-12.

**Questioned Costs:**

\$913.04.

**Context:**

The school administrators believed that this was an appropriate expenditure.

**Effect:**

Violation of N.J.S.A. 18A:11-12.

**Cause:**

Oversight on part of the school administration.

**Recommendation:**

The District should establish controls to ensure that reimbursement for meals do not exceed the amount allowed by statute.

**Management's response:**

Management agrees with the above finding and will perform procedures to ascertain that all reimbursements comply with the travel regulations.

**STERLING HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

***Section 3 – Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs  
(Continued)***

***Finding #2008-2***

**Information on the state program:**

Core Curriculum Standards Aid; GMIS No. 08-495-034-5120-022; State Department of Education.

**Criteria or specific requirement:**

N.J.S.A. 18A:23-2.1 requires that documentation prepared for income tax related purposes complies fully with the requirements of federal and state laws and regulations.

**Condition:**

The Superintendent was reimbursed for travel expenses from his home to the school district and various employees received a travel allowance during the year which did not meet established tests for an accountable plan under IRS 62(a)(2) and 62(c). These expenditures were not processed through the payroll system and therefore were not subjected to employment taxes as required by the IRS regulations.

**Questioned Costs:**

The Superintendent received \$437.92 in questionable reimbursement and the SJTP employees received \$4,800 in travel allowances which were not subjected to employment taxes.

**Context:**

The payroll department did not realize that this amount was taxable.

**Effect:**

Violation of the Internal Revenue Service Code.

**Cause:**

Oversight on part of the payroll clerk..

**Recommendation:**

The District should establish controls to ensure that all compensation is properly recorded and reported, including taxable fringe benefits. The District should also send corrected reporting to the applicable taxing authoritys.

**Management's response:**

Management agrees with the above finding and will perform procedures to ascertain that all compensation is properly recorded and reported.

**STERLING HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENED JUNE 30, 2008**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 and State of NJOMB Circular 04-04.

**FINANCIAL STATEMENT FINDINGS**

There were no prior year audit findings.

**FEDERAL AWARDS**

A Federal single audit was not required.

**STATE AWARDS**

There were no prior year audit findings.