

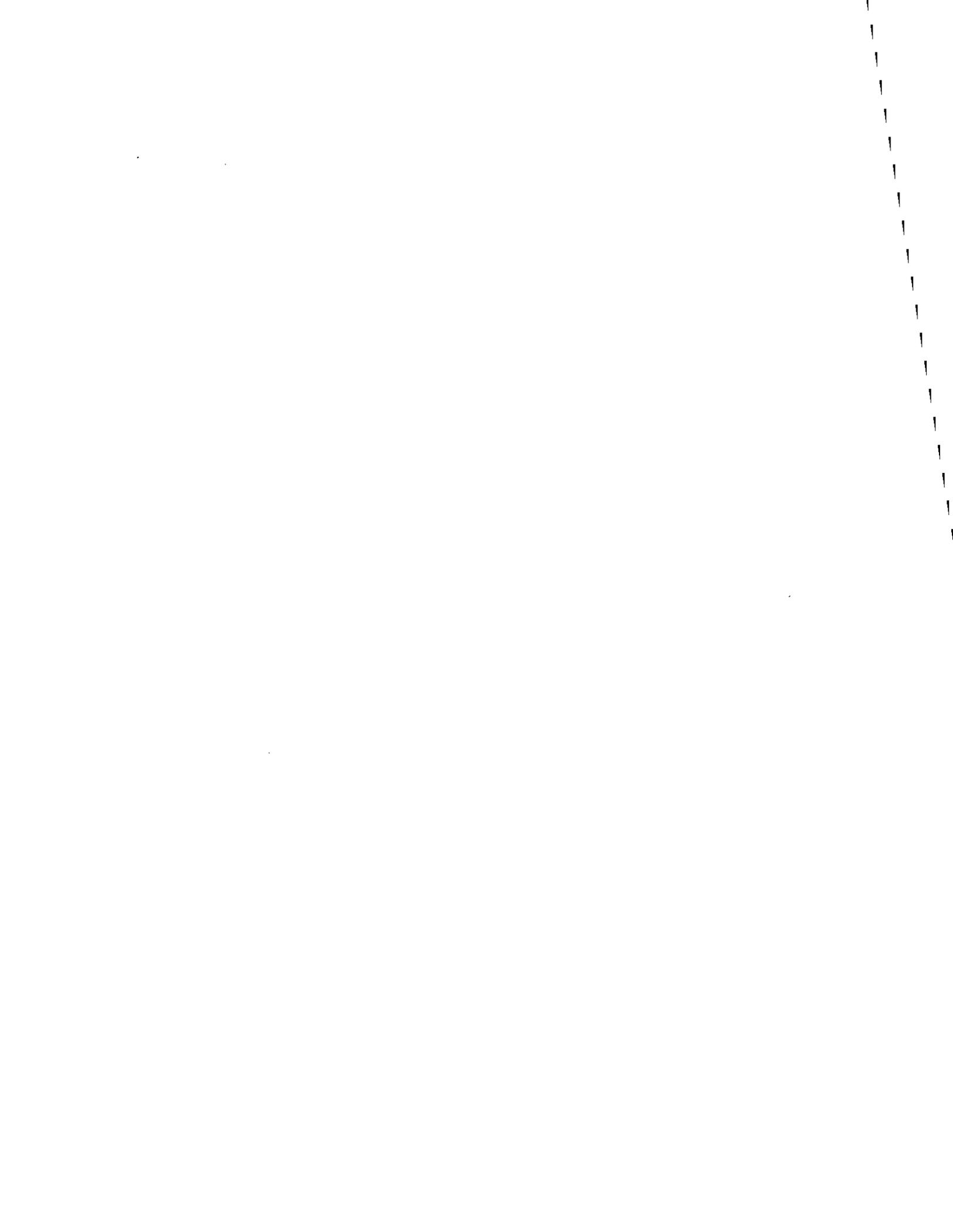
**SCHOOL DISTRICT OF
MOUNT HOLLY**

MOUNT HOLLY BOARD OF EDUCATION

Mount Holly, New Jersey

County of Burlington

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

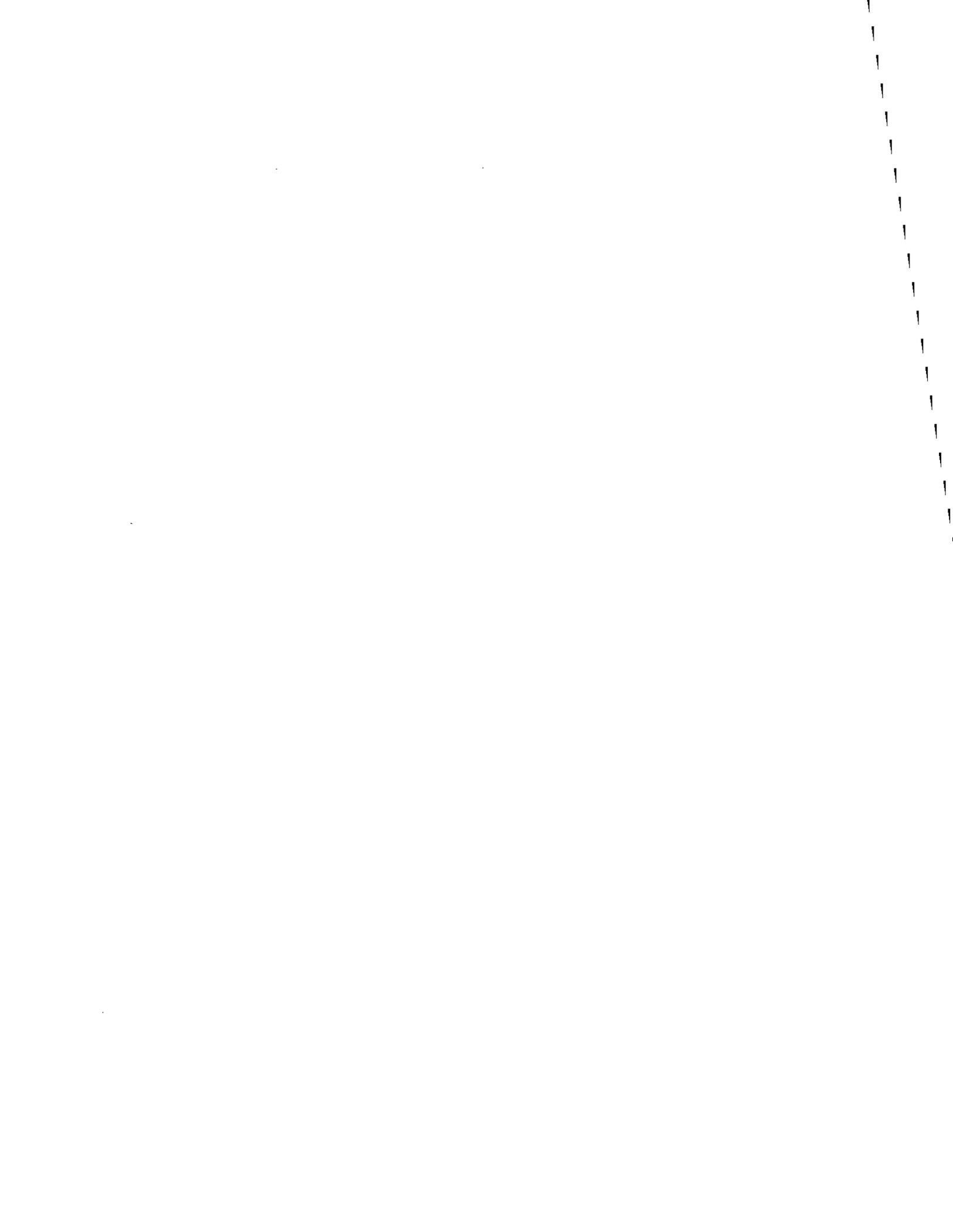
MOUNT HOLLY SCHOOL DISTRICT

MOUNT HOLLY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

**Mount Holly School District
Business Administrator's Office**



OUTLINE OF CAFR – GASB 34

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor’s Report	9

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management’s Discussion and Analysis	11
--------------------------------------	----

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:	
A-1 Statement of Net Assets	23
A-2 Statement of Activities	24
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Assets	29
B-5 Statement of Revenues, Expenses & Changes in Fund Net Assets	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	32
B-8 Statement of Changes in Fiduciary Net Assets	33
Notes to Financial Statements	34

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	56
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b American Recovery and Reinvestment Act – Budget and Actual	65
C-2 Budgetary Comparison Schedule – Special Revenue Fund	66

(continued)

OUTLINE OF CAFR – GASB 34 (continued)

	PAGE
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	68
D. School Based Budget Schedules Fund –	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues & Expenditures - Budgetary Basis	69
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	N/A
F-2a Schedule of Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	75
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	76
G-3 Combining Schedule of Cash Flows	77
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	78
H-2 Combining Statement of Changes in Fiduciary Net Assets	79
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	80
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	80
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

(continued)

OUTLINE OF CAFR -- GASB 34 (continued)

STATISTICAL SECTION (unaudited)

	PAGE
Financial Trends:	
J-1 Net Assets by Component	81
J-2 Changes in Net Assets	82
J-3 Fund Balances – Governmental Funds	84
J-4 Changes in Fund Balances – Governmental Funds	85
J-5 General Fund Other Local Revenue by Source	86
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	87
J-7 Direct & Overlapping Property Tax Rates	88
J-8 Principal Property Taxpayers	89
J-9 Property Tax Levies & Collections	90
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	91
J-11 Ratios of General Bonded Debt Outstanding	92
J-12 Direct & Overlapping Governmental Activities Debt	92
J-13 Legal Debt Margin Information	93
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	94
J-15 Principal Employers	94
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	95
J-17 Operating Statistics	96
J-18 School Building Information	97
J-19 Schedule of Required Maintenance	98
J-20 Insurance Schedule	99

K SINGLE AUDIT SECTION

K-1 Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	100
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	102
K-3 Schedule of Expenditures of Federal Awards, Schedule A	104
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	105
K-5 Notes to Schedules of Awards and Financial Assistance	106
K-6 Schedule of Findings and Questioned Costs	108
K-7 Summary Schedule of Prior Audit Findings	110

(concluded)

INTRODUCTORY SECTION



Mount Holly Township Public Schools
School Business Office
331 Levis Drive
Mount Holly, NJ 08060
Phone: (609) 267-7033
Fax: (609) 265-8028

October 28, 2010

Honorable President and
Members of the Board of Education
Mount Holly Township School District

Dear Members of the Board;

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Mount Holly Township School District (District) for the fiscal year ended June 30, 2010. Responsibility for the accuracy of the data completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. This report will provide the taxpayers of the Mount Holly Township School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs. The Comprehensive Annual Financial Report is presented in four sections as follows:

1. The Introductory Section contains a table of contents, this Letter of Transmittal, List of Principle Officials, and an Organizational Chart of the School District.
2. The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position, operating results, and other schedules illustrating detailed budgetary information.
3. The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis.
4. The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

School District Organization

The Mount Holly Township School District is one of 41 school districts in Burlington County, New Jersey. The district provides education to students in grades Pre-K through 8 living in Mount Holly Township.

An elected five-member Board of Education (the "Board") serves as the chief policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money. The Superintendent is the Chief Executive Officer of the School District, responsible to the Board for total educational and support operations. The Board



Secretary is the Chief Financial Officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

Geographically, the District is located in the north central part of Burlington County. Mount Holly Township is the seat of Burlington County with a population of approximately 10,728 (census 2000). The community has a long and rich history with several sites on the National Register of Historic Places. The 1,009 students enrolled in the Mount Holly Township School District attend the Rancocas Valley Regional High School with four (4) other local communities, Hainesport, Westampton, Eastampton, and Lumberton.

Reporting Entity

The Mount Holly Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board's (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Mount Holly Township School District Board of Education and its three schools constitute the District's reporting entity.

Economic Condition

Burlington County is steeped in history from pre-revolutionary times to the present day. The County is home to two major military installations in Fort Dix and McGuire Air Force Base. The Mount Holly Township School District serves students from a wide range of socioeconomic backgrounds.

Burlington County is located in the center of the state approximately 80 miles south of New York City and 20 miles east of Philadelphia. Philadelphia International Airport is just 30 minutes away. At approximately 820 square miles, Burlington County is the largest county in New Jersey stretching from the Pinelands Forests to the Delaware River. The County is home to approximately 2,100 acres of state parklands, 600 farms, and over 300 historical sites.

Because Burlington County is among the fastest growing in New Jersey, change is constant in the Mount Holly Township School District. A Township redevelopment plan is currently in the works, and will bring new housing, jobs, and many other exciting opportunities. With new housing comes new students; new students bring the need for more teachers, support services, and upgrades to facilities.

The District completed the 2009-10 fiscal year with an enrollment of 1,009 students, which is 51 students less than the previous year's enrollment. Though the past several years have shown declines in the enrollment within the district, this trend is not likely to continue as the major condition of the decreased enrollment has been the West Rancocas Redevelopment Project which is nearly underway. There are few acquisitions left to be made by the Township, and the number of current students expected to be lost is less than new students anticipated. The following details the changes in the average daily enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Percent Change</u>
2009-10	1,009	-4.8%
2008-09	1,060	1.7%
2007-08	1,042	-2.9%
2006-07	1,073	-0.9%
2005-06	1,083	-3.5%

Outlook for the Future: Fiscal Year 2010-11 and Beyond

The Mount Holly Township School District, along with many other public school systems in the State, will continue to face some difficult economic situations given the primary funding source is property tax revenue. The district's overall anticipated revenues from state and federal sources decreased for 2010-11. The decrease is due to the Federal ARRA ESF/GSF funds which were used to replace state aid in 2009-10.

The District's administration is closely monitoring the cost of operations and continues to look for new funding sources and efficiencies in expenditures, in order to maintain and improve the quality educational services that the School District has been accustomed to providing.

Educational Program

MISSION STATEMENT

"We believe in the worth of all students and their right to have the opportunity to obtain the knowledge and skills necessary to prosper in an increasingly global world. The mission of the Mount Holly Township Public Schools is to provide a caring, nurturing, safe environment that challenges all students to develop their full potential intellectually, socially, emotionally, and physically in cooperation with parents, staff, Board of Education, and community."

The Mount Holly Township School District places a high priority on student performance. Mount Holly Public Schools, in concert with an involved and supportive community, make every effort to provide a rich and rewarding educational experience for our children. Our mission is to provide the opportunity for all children to succeed. To this end, we will ensure:

- Demonstratively effective instructional programs
- A safe, clean and healthy learning environment
- A motivated, skilled staff who are committed to continuous school improvement
- Collaboration between school, parents and community
- Effective leadership, management and fiscal accountability

As we look to the future, we realize that change is a given and with every new school year comes a new set of opportunities and challenges for our school, families and community. The demands of higher achievement standards, state assessments, and accountability measures are only part of the picture. The focus on improved student achievement will mean little if we fail to nurture ethical values and citizenship. We need to produce children who are good students and even better people. We need to produce children who demonstrate respect for themselves and others. Our schools stand ready to work with our families and community to support the development of these values and help all children achieve to the best of their ability.

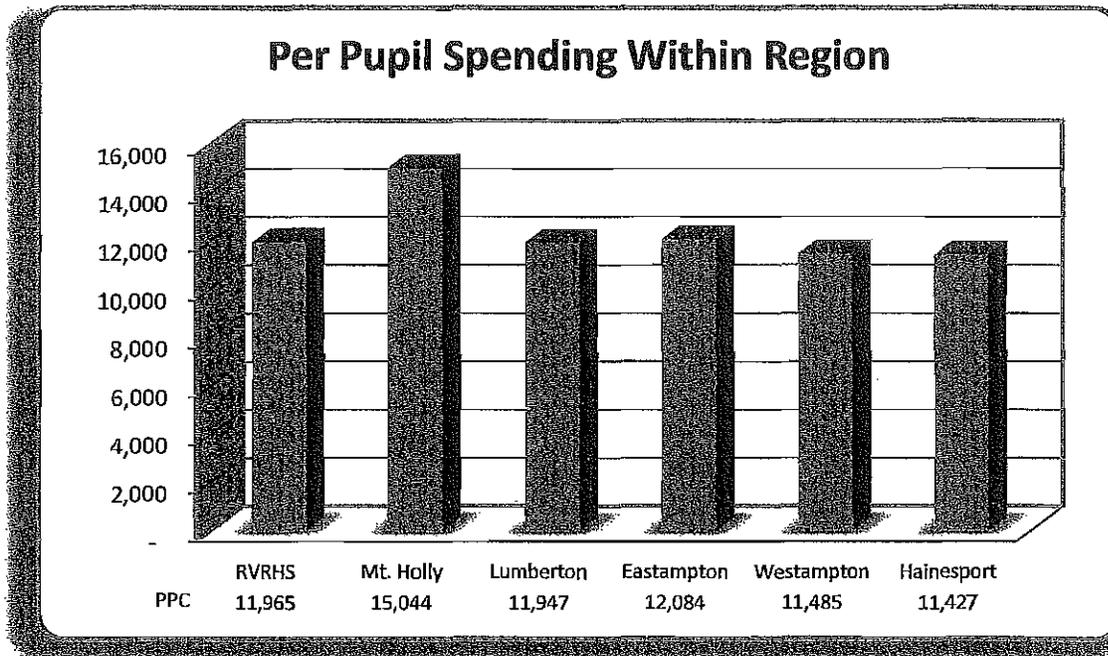
The Mount Holly Public Schools are on the road to continuous improvement. I encourage all parents to join us by being actively involved in their children's education. There is not a better gift to give than a quality education. Working together, we prepare our children for the challenges of the 21st Century and help each child achieve and succeed.

The District has highly competent teaching, supervisory and administrative staff with approximately 68% with Bachelor's degrees, and 32% with Master's degrees. The staff continues to refine its expertise and competency through ongoing staff development District-wide through curriculum development committees and workshops. Teachers are enrolled in graduate-level programs in numerous colleges and universities. A total of \$38,906 was reimbursed to teachers to help defray the cost of this college tuition. An additional \$19,952 was expended on workshops and conferences for teaching staff members.

In March 2010, the New Jersey Department of Education released its Comparative Spending Guide for all school districts in the State. The guide compares districts of like size and grade structure. The Mount Holly Township

School District was compared with 89 other Pre-K to 8th grade districts within the State. The report showed that the District spends \$15,044 per pupil while the state average is \$13,835. According to the report, similar district per pupil costs range from a low of \$9,227 to a high of \$16,872.

For the past three years our district has spent \$15,552, \$15,928 and \$15,044 per pupil. Over the same time frame, the state average has ranged from \$12,827 to \$13,835. We have consistently been spending approximately \$1,000 to \$2,600 more per student per year while in a period of lower than average standardized test scores and offering numerous co-curricular and athletic opportunities. It should be noted that because of Mount Holly's District Factor Grouping (DFG) of B, there are many required expenditures that other districts do not have to meet. It should be noted that when compared to districts that also serve townships that are county seats, Mount Holly's per pupil cost was much more comparable.



Internal Accounting and Budgetary Control

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is subjected to a periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state awards, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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 Township. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund (when necessary). Project-length budgets are approved for the capital improvements accounted for in the capital projects fund.

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

Cash Management

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

Risk Management

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, and theft insurance on property and contents and fidelity bonds. The School Business Administrator oversees risk management for the District. A schedule of insurance coverage is found in the Statistical Section as Schedule J-20.

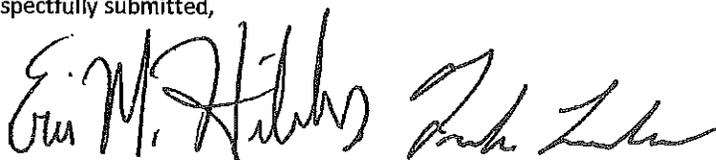
Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman & Frenia, P.C. was selected by the Board of Education through the submission of competitive proposals. 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 Amendments of 1996, and the related U.S. Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations" A-133 and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

We would like to express our appreciation to the members of the Mount Holly Township School District 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,

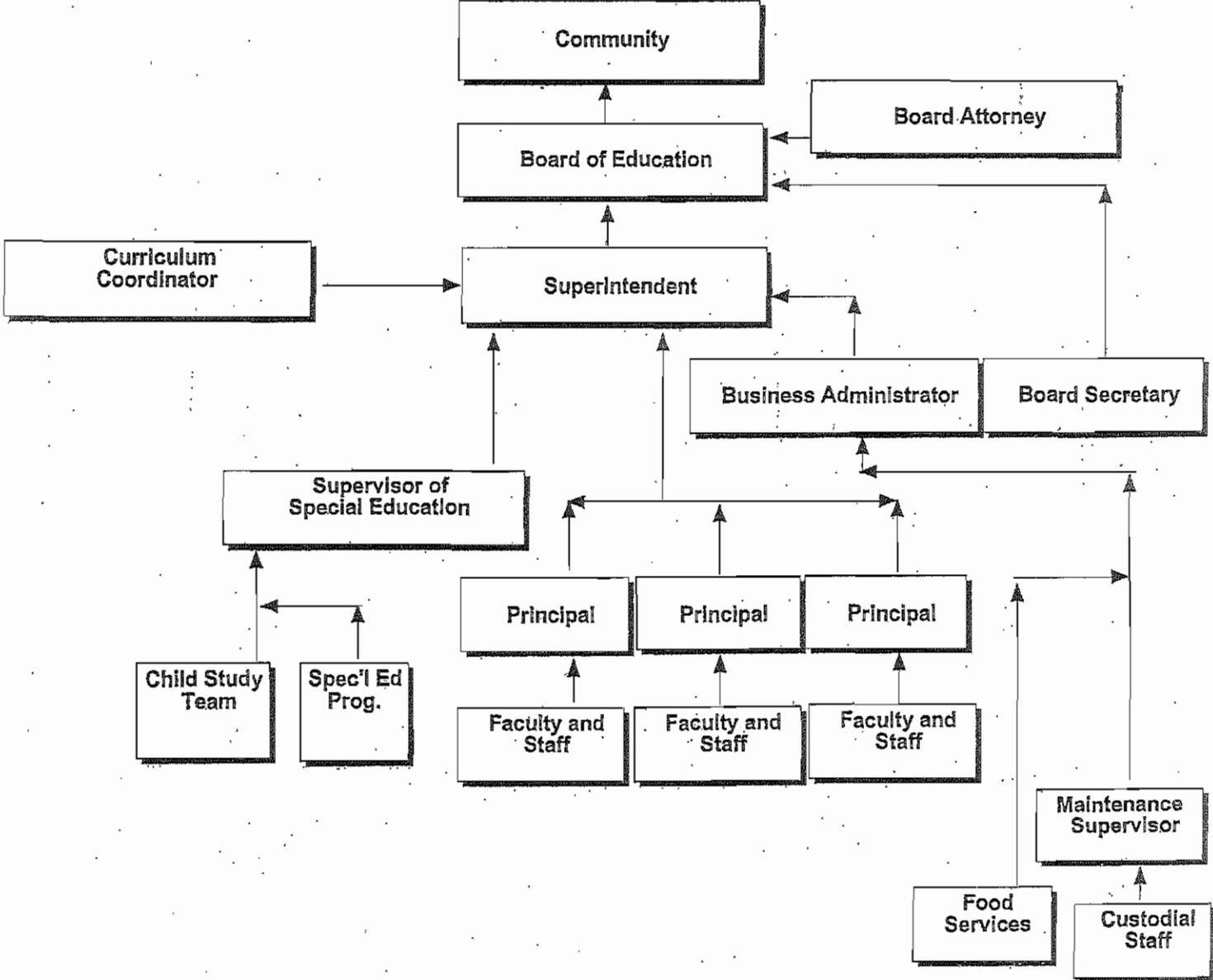


Eric M. Hibbs, Ed.D.
Superintendent

Frank Lavdas
School Business Administrator/
Board Secretary

MOUNT HOLLY TOWNSHIP PUBLIC SCHOOLS

Organizational Chart (UNIT CONTROL)



MOUNT HOLLY SCHOOL DISTRICT

330 Levis Drive
Mount Holly, New Jersey 08060

Frank Lavdas
Business Administrator

ROSTER OF OFFICIALS
June 30, 2010

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Carol H. Johnson, President	2012
Mark H. Parker, Vice President	2012
Johanna Keely	2013
William Monk	2011
Samuel Reale	2013

OTHER OFFICIALS

Mr. David N. Gentile, Superintendent
Mr. Frank Lavdas, Business Administrator/Board Secretary
Mr. Walter Keith Sheppard, Treasurer of School Monies
Frank Cavallo, Esq.

MOUNT HOLLY SCHOOL DISTRICT

330 Levis Drive
Mount Holly, New Jersey 08060

Frank Lavdas
Business Administrator

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin P. Frenia, CPA, PSA, RMA
Holman & Frenia, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Frank Cavallo, Esq.
Parker McCay
Three Greentree Centre
Marlton, New Jersey 08053

OFFICIAL DEPOSITORY

Beneficial Bank
539 Walnut Street
Philadelphia, Pennsylvania 19106

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Mount Holly School District
County of Burlington
Mount Holly, New Jersey 08060

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 Mount Holly School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board'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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, on our consideration of the Mount Holly School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information and budgetary comparison information as listed in the table of contents is not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

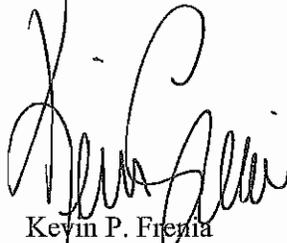
regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over a faint, illegible stamp or watermark.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 22, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of a whole school district, presenting both an aggregate view of a school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

This document looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities attempt to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. Using this basis of accounting, takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that the financial position, for the District as a whole has improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operating maintenance of plant services, student transportation, and extracurricular activities.
- **Business-Type Activities** - This service is provided on a charge-for-goods-or-services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of Mount Holly Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2009-10) and the prior fiscal year (2008-09) is presented in the MD&A.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ↔ Total assets decreased by \$472,029 as cash and cash equivalents decreased by \$222,374 receivables increased by \$552,811, net capital assets decreased by \$451,218, and restricted cash and cash equivalents decreased by \$254,923.
- ↔ General Fund revenues accounted for \$17,721,209 in revenue, or 90 percent of all revenues. Special revenues in the form of State and Federal grants and aid, accounted for \$1,971,427 or 10 percent of total revenues of \$19,692,636.
- ↔ The School District had \$19,693,186 in total expenditures; \$14,207,546 of which represents salaries and benefits for the district or approximately 72.14 percent of expenditures for the fiscal year ending June 30, 2009.
- ↔ The Food Service Enterprise Fund had an increase in net assets of \$34,760 in 2010 compared to an increase of \$5,892 in 2009. .
- ↔ The total Fund Balance per Governmental funds was \$2,808,969. \$250,000 was added to capital reserve, \$100,000 was added to maintenance reserve and \$100,000 was added to emergency reserve as of June 30, 2010.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mount Holly Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.



**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 to 55 of this report.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2010 and 2009.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

Description	Governmental Activities		Business-Type Activities	
	2009	2010	2009	2010
ASSETS -				
Current assets	\$ 2,791,403	\$ 2,733,890	\$ 27,490	\$ 64,192
Capital assets, net	11,954,070	11,508,184	26,933	21,601
Total assets	\$ 14,745,473	\$ 14,242,074	\$ 54,423	\$ 85,793
LIABILITIES -				
Current liabilities	\$ 1,217,777	\$ 854,856	\$ 7,647	\$ 4,257
Noncurrent liabilities	980,984	841,056	-	-
Total liabilities	\$ 2,198,761	\$ 1,695,912	\$ 7,647	\$ 4,257
NET ASSETS -				
Invested in capital assets, net of related debt	\$ 11,954,070	\$ 11,508,184	\$ 26,933	\$ 21,601
Restricted	2,055,637	2,452,655	-	-
Unrestricted	(1,462,995)	(1,414,677)	19,843	59,935
Total net assets	\$ 12,546,712	\$ 12,546,162	\$ 46,776	\$ 81,536
Total liabilities and net assets	\$ 14,745,473	\$ 14,242,074	\$ 54,423	\$ 85,793

The District's combined net assets were \$12,627,698 on June 30, 2010. This was an increase of .27 percent from the prior year.

Table 2 shows changes in net assets for fiscal year 2010 and 2009.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

**TABLE 2
CHANGES IN NET ASSETS
Governmental Activities**

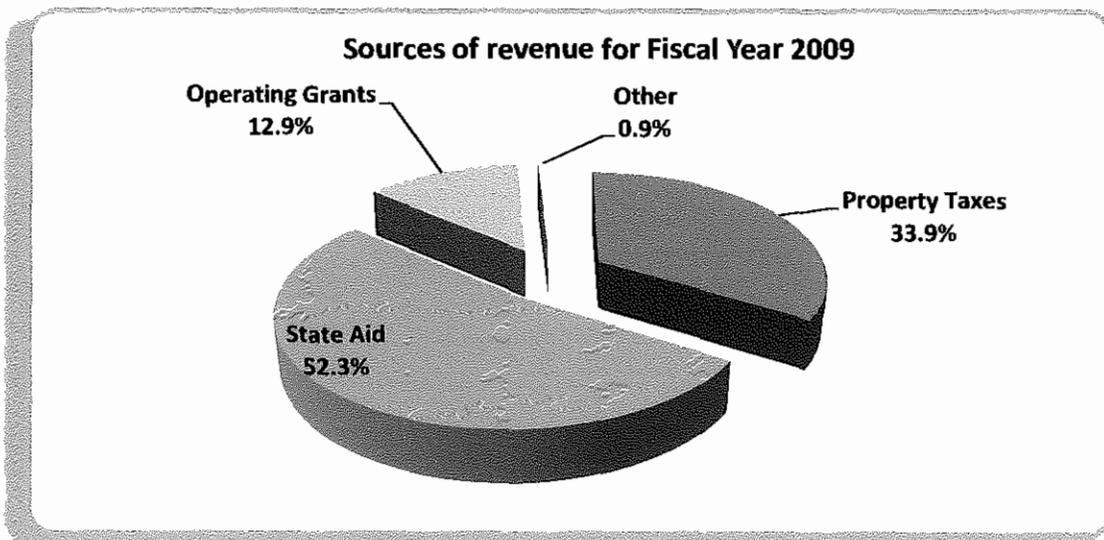
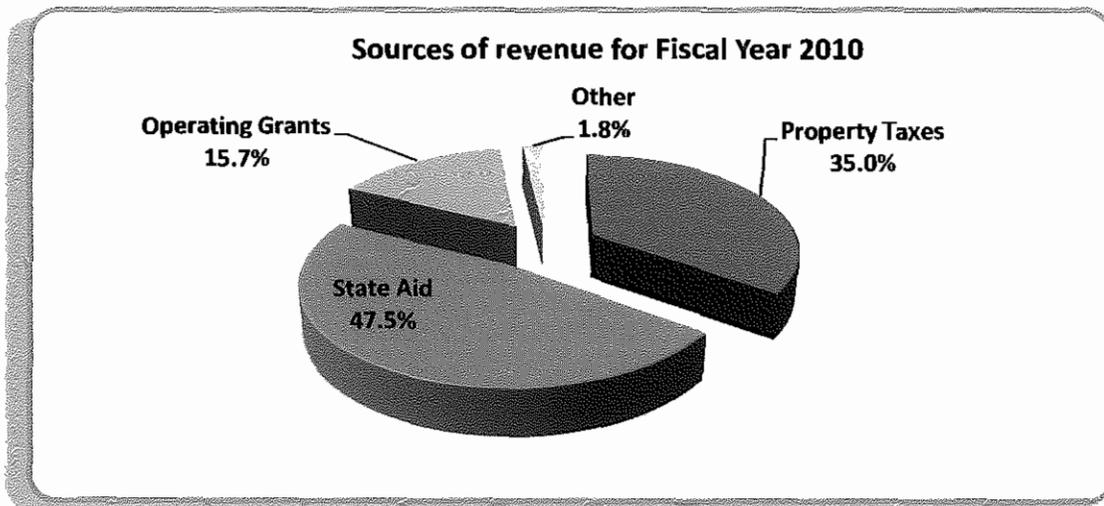
Description	Governmental Activities		Business-Type Activities	
	2009	2010	2009	2010
REVENUES -				
Program Revenues:				
Charges for services	\$ -	\$ -	\$ 140,705	\$ 142,273
Operating grants & contributions	2,358,956	3,087,639	265,149	285,705
Capital grants & contributions	-	-	-	-
General Revenues:				
Property Taxes	6,814,889	6,889,889	-	-
Grants & entitlements	10,034,918	9,808,226	-	-
Other	198,748	362,500	88	182
Disposal of Fixed Assets	(11,542)	(455,618)		
Total Revenues	\$ 19,395,969	\$ 19,692,636	\$ 405,942	\$ 428,160
EXPENSES -				
Instruction	\$ 8,141,055	\$ 8,013,169	\$ -	\$ -
Tuition	1,342,821	1,386,051	-	-
Related services	2,213,242	2,397,490	-	-
General administration	1,117,423	1,122,139	-	-
Central services	269,809	504,243	-	-
Operations & maintenance	1,884,142	1,470,316	-	-
Transportation	382,978	404,517	-	-
Employee benefits	4,427,037	4,397,603	-	-
Food service	-	-	400,050	393,400
Increase in compensated absences	186,739	(139,928)		
Other	181,556	137,586	-	-
Total Expenses	\$ 20,146,802	\$ 19,693,186	\$ 400,050	\$ 393,400
Increase in Net Assets before transfers				
	\$ (750,833)	\$ (550)	\$ 5,892	\$ 34,760
Transfers				
	-	-	-	-
Changes in Net Assets	\$ (750,833)	\$ (550)	\$ 5,892	\$ 34,760
Net Assets - July 1	13,297,545	12,546,712	40,884	46,776
Net Assets - June 30	\$ 12,546,712	\$ 12,546,162	\$ 46,776	\$ 81,536

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

Governmental Activities

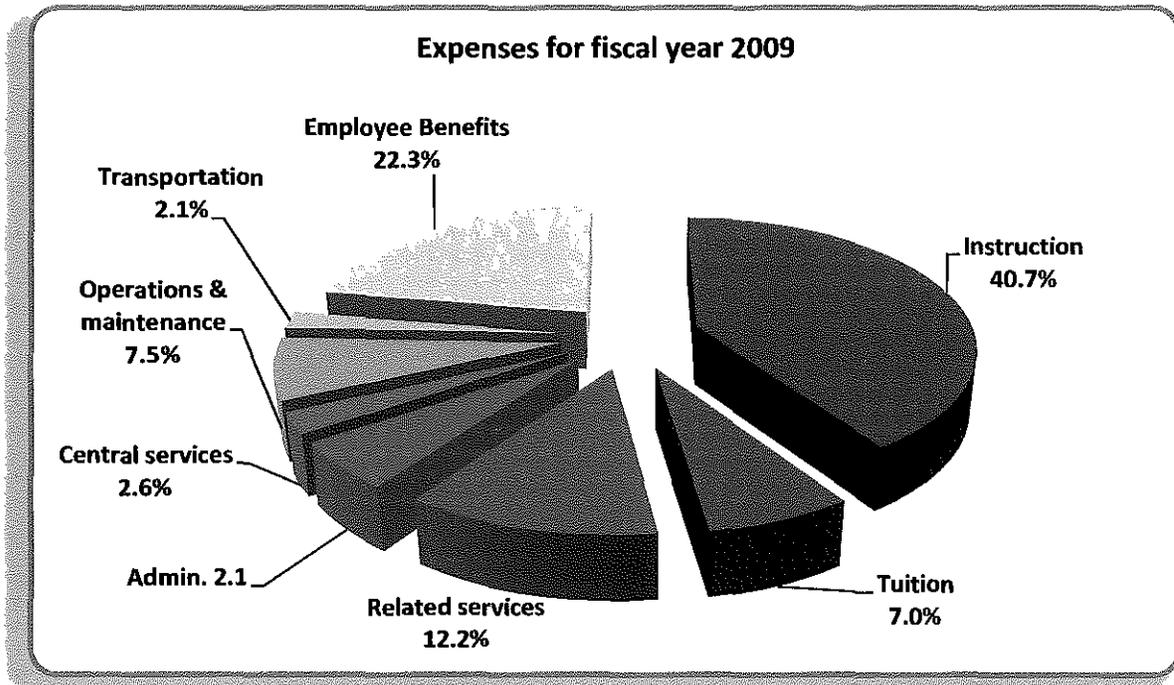
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes made up 35 percent of revenues for fiscal year 2010 and 33.9 percent for fiscal year 2009. The District's total revenue for governmental activities was \$19,692,636 for the year ended June 30, 2010. Federal and state aid, accounted for another 63.2 percent of revenue.



**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

The total cost of all programs and services was \$19,693,186. Instruction and benefits comprised 63 percent of all District expenses.



Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service revenues exceeded expenses by \$34,760.
- Charges for services represent \$142,273 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfasts, and donated commodities was \$285,705.

Governmental Activities

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

TABLE 3 - Net Cost of Services				
Description	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	\$ 8,141,055	\$ 7,385,108	\$ 8,013,169	\$ 6,886,937
Support Services:				
Pupils and Instructional staff	3,556,063	3,092,456	3,783,541	2,938,346
Administration	1,387,232	1,387,232	1,626,382	1,626,382
Operation and Maint.	1,884,142	1,884,142	1,470,316	1,470,316
Pupil transportation	382,978	382,978	404,517	404,517
Employee benefits	4,427,037	3,287,635	4,397,603	3,281,391
Other	368,295	368,295	(2,342)	(2,342)
Total Expenses	\$ 20,146,802	\$ 17,787,846	\$ 19,693,186	\$ 16,605,547

- Instruction expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching students, including curriculum and staff development.
- Administration includes all expenses associated with the administrative and fiscal supervision of the school district.
- Operations and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.
- Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.
- Employee benefits represent all health, dental, pensions, other fringe benefits and taxes applicable to all salaries of the district.
- "Other" includes special schools, transfers to charter schools, and other miscellaneous items.

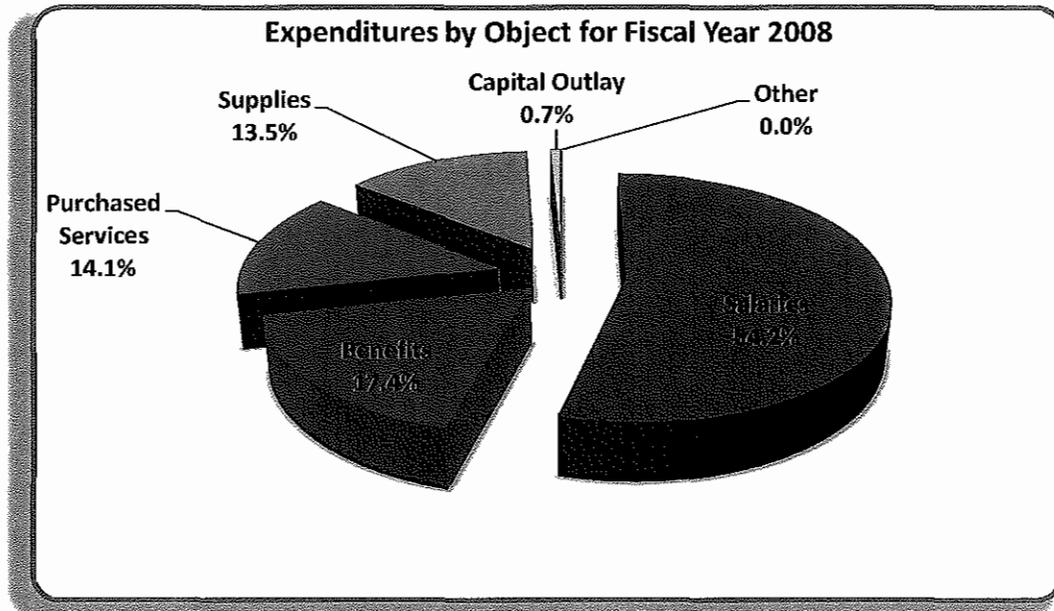
**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$20,148,254 and expenditures were \$19,842,846 in 2010. The net change in fund balance for the year was most significant in the General Fund – an increase of \$305,408. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

As the graph on the following page illustrates, the largest portion of General Fund expenditures is for salaries. The District is a service entity and as such is labor intensive.



**TABLE 4
Expenditures by Object for the Fiscal Year Ended June 30,**

Description	2009	2010	% change
Salaries	\$ 10,522,987	\$ 10,749,898	2.1%
Benefits	5,041,790	3,457,648	-45.8%
Purchased Services	3,017,398	2,801,419	-7.7%
Supplies	1,121,429	2,686,563	58.3%
Capital Outlay	117,211	147,318	20.4%
Total	\$ 19,820,815	\$ 19,842,846	0.1%

Expenditures are down \$811,106 or 3.9% less than the prior year due to cuts to the overall programs of the district. Cuts were primarily through salaries and benefits.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Additionally, the District reviews current actual expenditures and compare those amounts both to prior year actual and to current year budget. Some of the comparisons bear notation:

- ❖ State Aid was reduced during the year by \$709,880.
- ❖ Medicaid reimbursement exceed budget by approximately \$25,325.
- ❖ Regular programs for instruction – budgeted expenses exceeded actual expenses by approximately \$458,337. This was due primarily to using Early Childhood Program Aid to fund the district's preschool program due to the State Aid reduction.
- ❖ Budgeted administrative costs exceeded actual by approximately \$19,324. This was achieved through efficiencies in overall district management.
- ❖ Operation & maintenance of plant services actual costs were approximately \$110,117 less than budgeted due to a lower than anticipated energy cost.
- ❖ Employee Benefits actual expenditures were \$263,669 less than budgeted due to a lower than anticipated worker's compensation utilization as well as better than projected health benefits rates.
- ❖ Overall the budget projected a use of \$341,505 in fund balance where there was an actual addition to fund balance of \$350,456.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

Capital Assets

At the end of the fiscal year 2010, the School District had \$11,508,104 invested in land, buildings, machinery, and equipment, net of applicable depreciation. Table 5 shows fiscal year 2010 balances compared to 2009.

TABLE 5
Capital Assets (net of related depreciation) at June 30,

Description	2009	2010
Governmental Activities:		
Land	\$ 9,786,500	\$ 9,786,500
Construction in progress	-	-
Buildings & improvements	6,186,788	5,598,630
Equipment	2,745,991	2,080,846
Less: Accumulated Depreciation	(6,765,209)	(5,957,872)
Governmental activities - capital assets, net	\$ 11,954,070	\$ 11,508,104
Business-Type Activities:		
Food Service Equipment	229,473	229,473
Less: Accumulated Depreciation	(202,540)	(207,872)
Business-Type Activities - capital assets, net	26,933	21,601
TOTAL ALL CAPITAL ASSETS, NET	\$ 11,981,003	\$ 11,529,705

Overall capital assets increased \$451,298 from fiscal year 2009 to fiscal year 2010. The reason for the decrease in net capital assets is that the cost of depreciation of assets exceeded the cost of putting new assets into service.

For more detailed information, please refer to **Note 6** to the Basic Financial Statements.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (Continued)**

The Road Ahead

-  The Mount Holly Township School District is presently in good financial condition. The District is proud of its community support of the public schools.
-  It is important that the District continues to support expenditures for capital maintenance of our schools.
-  The Department of Education oversight and regulation is ever increasing. Now more than ever, it is important to have sound policies and procedures in place to ensure that the District is in compliance with emerging State regulations. The Business Office has been preparing a Standard Operating Procedures manual to describe in detail the business functions of the school district. Additionally, a district budget preparation manual, and purchasing manual have been prepared in draft form. These documents will assist the district in meeting its' statutory objectives as well as provide a framework from which to strengthen internal controls and increase efficiencies.
-  The District has plans to increase its participation in shared service and inter-local service agreements over the coming year. The district recently joined a co-operative pricing system, and is examining additional shared collaborative services with Mount Holly Township.
-  The Mount Holly Township redevelopment plan is expected to get underway within the next fiscal year. Mount Holly Township has been in contact with District administrators to discuss the School District's role in the success of that plan. This collaborative process should yield benefits to the district in the form of new jobs, economic stability, and new students.
-  The District administrative team and Board of Education must work diligently to come up with new ideas for revenues and streamline expenditures. In this time of shrinking revenues it is a moral imperative that education be at the forefront of decisions made

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, bond holders, and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the School Business Administrator at the Mount Holly Township Administration wing of the F.W. Holbein Middle School at 331 Levis Drive, Mount Holly, New Jersey 08060, or please visit our website at www.mtholly.k12.nj.us.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements



MOUNT HOLLY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$960,071	29,833	989,904	1,212,278
Receivables, Net	597,880	34,359	632,239	685,599
Restricted Assets:				
Cash & Cash Equivalents	1,175,939		1,175,939	921,016
Capital Assets, Net (Note 6)	11,508,184	21,601	11,529,785	11,981,003
Total Assets	14,242,074	85,793	14,327,867	14,799,896
LIABILITIES				
Cash Overdraft				2,286
Accounts Payable	185,716	31	185,747	171,021
Interfund Payable	2,752		2,752	
Payable to State Government	40,053		40,053	38,074
Deferred Revenue	626,335	4,226	630,561	1,014,043
Noncurrent Liabilities (Note 8):				
Due Beyond One Year	841,056		841,056	980,984
Total Liabilities	1,695,912	4,257	1,700,169	2,206,408
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	11,508,184	21,601	11,529,785	11,981,003
Restricted For:				
Other Purposes	2,452,655		2,452,655	2,055,637
Unrestricted	(1,414,677)	59,935	(1,354,742)	(1,443,152)
Total Net Assets	\$12,546,162	81,536	12,627,698	12,593,488

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

**MOUNT HOLLY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2010	JUNE 30, 2009
Governmental Activities:							
Instruction:							
Regular	\$5,793,118		1,126,232	(4,666,886)		(4,666,886)	(5,396,426)
Special Education	1,737,377			(1,737,377)		(1,737,377)	(1,491,839)
Other Instruction	482,674			(482,674)		(482,674)	(496,843)
Support Services & Undistributed Costs:							
Tuition	1,386,051			(1,386,051)		(1,386,051)	(1,342,821)
Student & Instruction Related Services	2,397,490		845,195	(1,552,295)		(1,552,295)	(1,749,635)
General Administrative Services	414,840			(414,840)		(414,840)	(447,724)
School Administrative Services	707,299			(707,299)		(707,299)	(669,699)
Central Services	504,243			(504,243)		(504,243)	(269,809)
Plant Operations & Maintenance	1,470,316			(1,470,316)		(1,470,316)	(1,884,142)
Pupil Transportation	404,517			(404,517)		(404,517)	(382,978)
Unallocated Employee Benefits	4,397,603		1,116,212	(3,281,391)		(3,281,391)	(3,287,635)
Increase/(Decrease) in Compensated Absences - Unallocated							
	(139,928)			139,928		139,928	(186,739)
Unallocated Depreciation & Amortization							
	137,586			(137,586)		(137,586)	(181,556)
Total Governmental Activities	19,693,186		3,087,639	(16,605,547)		(16,605,547)	(17,787,846)
Business-Type Activities:							
Food Service	393,400	142,273	285,705		34,578	34,578	5,804
Total Business-Type Activities	393,400	142,273	285,705		34,578	34,578	5,804

**MOUNT HOLLY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						(MEMORANDUM ONLY)	
						JUNE 30, 2010	JUNE 30, 2009
Total Primary Government	\$20,086,586	142,273	3,373,344	(16,605,547)	34,578	(16,570,969)	(17,782,042)
General Revenues:							
Taxes:							
Taxes Levied for General Purposes				6,889,889		6,889,889	6,814,889
Federal & State Aid Not Restricted				9,808,226		9,808,226	10,034,918
Disposal of Fixed Assets				(455,618)		(455,618)	(11,542)
Tuition				222,341		222,341	
Investment Earnings				4,924	182	5,106	83,771
Miscellaneous Income				135,235		135,235	115,065
Total General Revenues, Special Items, Extraordinary Items & Transfers				16,604,997	182	16,605,179	17,037,101
Change In Net Assets				(550)	34,760	34,210	(744,941)
Net Assets - Beginning				12,546,712	46,776	12,593,488	13,338,429
Net Assets - Ending				\$12,546,162	81,536	12,627,698	12,593,488

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

B. Fund Financial Statements



Governmental Funds



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

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$471,586	488,485	960,071	1,212,278
Receivables, Net	252,753	345,127	597,880	658,109
Interfund Receivable	38,402		38,402	4,317
Restricted Cash & Cash Equivalents	1,175,939		1,175,939	921,016
Total Assets	\$1,938,680	833,612	2,772,292	2,795,720
LIABILITIES & FUND BALANCES				
Liabilities:				
Interfund Payable	\$2,752	38,402	41,154	4,317
Accounts Payable	56,894	128,822	185,716	171,021
Intergovernmental Account Payable:				
State		34,492	34,492	30,266
Federal		5,561	5,561	7,808
Deferred Revenue		626,335	626,335	1,008,682
Total Liabilities	59,646	833,612	893,258	1,222,094
Fund Balances:				
Reserved for:				
For Encumbrances	7,590		7,590	132,645
Excess Surplus	411,655		411,655	407,471
Capital Reserve Account	1,175,939		1,175,939	921,016
Emergency Reserve	200,000		200,000	100,000
Maintenance Reserve	250,000		250,000	150,000
Excess Surplus - Designated for Subsequent Year's Expenditures	407,471		407,471	344,505
General Fund	(573,621)		(573,621)	(482,011)
Total Fund Balances	1,879,034		1,879,034	1,573,626
Total Liabilities & Fund Balances	\$1,938,680	833,612		

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 \$17,466,056 and the accumulated depreciation is \$5,957,872.

11,508,184 11,954,070

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 8)

(841,056) (980,984)

Net assets of Governmental Activities

\$12,546,162 12,546,712

See Accompanying Notes to Financial Statements

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

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Revenues:				
Local Sources:				
Local Tax Levy	\$6,889,889		6,889,889	6,814,889
Tuition Charges	222,341		222,341	
Interest Earned	4,924		4,924	83,683
Miscellaneous	135,235		135,235	115,065
Total Local Sources	7,252,389		7,252,389	7,013,637
State Sources	9,468,120	546,790	10,014,910	11,358,161
Federal Sources	1,456,318	1,424,637	2,880,955	1,035,713
Total Revenues	18,176,827	1,971,427	20,148,254	19,407,511
Expenditures:				
Current:				
Regular Instruction	4,741,823	1,051,295	5,793,118	6,152,373
Special Education Instruction	1,737,377		1,737,377	1,491,839
Other Instruction	482,674		482,674	496,843
Support Services & Undistributed Costs:				
Tuition	1,386,051		1,386,051	1,342,821
Student & Instruction Related Services	1,552,295	845,195	2,397,490	2,213,242
General Administrative Services	414,840		414,840	447,724
School Administrative Services	707,299		707,299	669,699
Central Services	504,243		504,243	269,809
Plant Operations & Maintenance	1,470,316		1,470,316	1,884,142
Pupil Transportation	404,517		404,517	382,978
Unallocated Employee Benefits	4,397,603		4,397,603	4,427,037
Capital Outlay	72,381	74,937	147,318	42,308
Total Expenditures	17,871,419	1,971,427	19,842,846	19,820,815
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	305,408		305,408	(413,304)
Net Change in Fund Balances	305,408		305,408	(413,304)
Fund Balance - July 1	1,573,626		1,573,626	1,986,930
Fund Balance - June 30	\$1,879,034	-	1,879,034	1,573,626

See Accompanying Notes to Financial Statements

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

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$305,408

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

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

Depreciation Expense	\$807,337	
Capital Asset Deletions	(1,400,541)	
Capital Outlay	147,318	(445,886)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-), when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Current Year	139,928
--------------	---------

Change in Net Assets of Governmental Activities	(\$550)
---	---------

Proprietary Funds

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

ASSETS	BUSINESS-TYPE	TOTALS	
	ACTIVITIES - ENTERPRISE FUND	(MEMORANDUM ONLY)	
	FOOD SERVICE FUND	JUNE 30, 2010	JUNE 30, 2009
Current Assets:			
Cash	\$29,833	29,833	
Accounts Receivables	21,954	21,954	14,186
Inventories	12,405	12,405	13,304
Total Current Assets	64,192	64,192	27,490
Noncurrent Assets:			
Equipment	229,473	229,473	229,473
Less: Accumulated Depreciation	(207,872)	(207,872)	(202,540)
Total Noncurrent Assets	21,601	21,601	26,933
Total Assets	85,793	85,793	54,423
LIABILITIES			
Cash Overdraft			2,286
Accounts Payable	31	31	
Deferred Revenue	4,226	4,226	5,361
Total Liabilities	4,257	4,257	7,647
NET ASSETS			
Invested in Capital Assets	21,601	21,601	26,933
Unrestricted	59,935	59,935	19,843
Total Net Assets	\$81,536	81,536	46,776

See Accompanying Notes to Financial Statements

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

	BUSINESS-TYPE ACTIVITIES	TOTALS	
	ENTERPRISE FUND FOOD SERVICE FUND	(MEMORANDUM ONLY) JUNE 30, 2010	JUNE 30, 2009
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$104,321	104,321	98,783
Daily Sales - Non-Reimbursable Programs	30,475	30,475	37,429
Special Functions	7,477	7,477	4,493
Total Operating Revenues	<u>142,273</u>	<u>142,273</u>	<u>140,705</u>
Operating Expenses:			
Salaries & Benefits	163,853	163,853	163,988
Supplies	14,382	14,382	15,148
Depreciation	5,332	5,332	5,900
Management Fee	15,450	15,450	15,000
Cost of Sales	193,202	193,202	196,509
Direct Services	1,181	1,181	3,505
Total Operating Expenses	<u>393,400</u>	<u>393,400</u>	<u>400,050</u>
Operating Income/(Loss)	<u>(251,127)</u>	<u>(251,127)</u>	<u>(259,345)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	9,263	9,263	8,906
State School Breakfast Program	2,595	2,595	2,875
Federal Sources:			
National School Lunch Program	203,613	203,613	182,518
National School Breakfast Program	37,060	37,060	37,719
Food Distribution Program	33,174	33,174	33,131
Local Sources:			
Interest Revenue	182	182	88
Total Nonoperating Revenues/(Expenses)	<u>285,887</u>	<u>285,887</u>	<u>265,237</u>
Income/(Loss) Before Contributions & Transfers	<u>34,760</u>	<u>34,760</u>	<u>5,892</u>
Change in Net Assets	34,760	34,760	5,892
Total Net Assets - Beginning	<u>46,776</u>	<u>46,776</u>	<u>40,884</u>
Total Net Assets - Ending	<u><u>\$81,536</u></u>	<u><u>81,536</u></u>	<u><u>46,776</u></u>

See Accompanying Notes to Financial Statements

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE FUND	JUNE 30, 2010	JUNE 30, 2009
Cash Flows From Operating Activities:			
Receipts from Customers	\$141,266	141,266	141,749
Payments to Employees	(163,853)	(163,853)	(163,988)
Payments to Suppliers	(190,111)	(190,111)	(198,710)
Net Cash Provided/(Used) by Operating Activities	(212,698)	(212,698)	(220,949)
Cash Flows From Noncapital Financing Activities:			
Cash Received from State & Federal Reimbursements	244,635	244,635	232,827
Net Cash Provided/(Used) by Noncapital Financing Activities	244,635	244,635	232,827
Cash Flows From Investing Activities:			
Interest & Dividends	182	182	88
Net Cash Provided/(Used) by Investing Activities	182	182	88
Net Increase/(Decrease) in Cash & Cash Equivalents	32,119	32,119	11,966
Balances - Beginning of Year	(2,286)	(2,286)	(14,252)
Balances - End of Year	\$29,833	29,833	(2,286)

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

Operating Income/(Loss)	(\$251,127)	(251,127)	(259,345)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	5,332	5,332	5,900
Food Distribution Program	33,174	33,174	33,131
(Increase)/Decrease in Receivables	128	128	54
(Increase)/Decrease in Inventories	899	899	(1,679)
Increase/(Decrease) in Accounts Payable	31	31	
Increase/(Decrease) in Deferred Revenues	(1,135)	(1,135)	990
Total Adjustments	38,429	38,429	38,396
Net Cash Provided/(Used) by Operating Activities	(\$212,698)	(212,698)	(220,949)

See Accompanying Notes to Financial Statements



Fiduciary Funds

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

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION		TOTALS (MEMORANDUM ONLY)	
	TRUST	AGENCY FUND	JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$47,817	451,472	499,289	119,054
Interfund	5,852	2,754	8,606	5,852
Total Assets	53,669	454,226	507,895	124,906
LIABILITIES				
Payroll Deductions & Withholdings		442,378	442,378	77,191
Interfund Payable		5,852	5,852	5,852
Due to Student Groups		5,996	5,996	7,377
Total Liabilities		454,226	454,226	90,420
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	53,669		53,669	34,486
Total Net Assets	53,669	-	53,669	34,486

See Accompanying Notes to Financial Statements

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

	PRIVATE PURPOSE	TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	(MEMORANDUM ONLY) JUNE 30, 2010	JUNE 30, 2009
ADDITIONS:			
Contributions:			
Employee Contributions	\$19,082	19,082	33,055
Board Contribution			60,000
Total Contributions	19,082	19,082	93,055
Investment Earnings:			
Net Investment Earnings	101	101	100
Total Investment Earnings	101	101	100
Total Additions	19,183	19,183	93,155
DEDUCTIONS:			
Unemployment Claims			75,382
Total Deductions			75,382
Change in Net Assets	19,183	19,183	17,773
Net Assets - Beginning of the Year	34,486	34,486	16,713
Net Assets - End of the Year	\$53,669	53,669	34,486

See Accompanying Notes to Financial Statements

**MOUNT HOLLY SCHOOL DISTRICT
BOARD OF EDUCATION**

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

MOUNT HOLLY BOARD OF EDUCATION

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

Note 1. Summary of Significant Accounting Policies

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

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

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*; Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010 and for the year then ended with comparative totals as of and for the year ended June 30, 2009 (Memorandum Only).

A. Reporting Entity

The Mount Holly Board of Education is a Type II District located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that members' terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as, special education for handicapped youngsters. The District is comprised of three elementary schools located in Mount Holly. The Mount Holly Board of Education has an approximate enrollment at June 30, 2010 of 997 students.

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

MOUNT HOLLY BOARD OF EDUCATION

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

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

A. Reporting Entity (continued):

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

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

B. District-Wide and Fund Financial Statements

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

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

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

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

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded

MOUNT HOLLY BOARD OF EDUCATION

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

D. Fund Accounting

The accounts of the Mount Holly Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories as follows:

Governmental Funds

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

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

D. Fund Accounting (continued):

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

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

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund

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

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

MOUNT HOLLY BOARD OF EDUCATION

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

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

D. Fund Accounting (continued):

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

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

Food Service Fund:	
Equipment	5-7 Years
Light Trucks & Vehicle	7 Years
Heavy Trucks & Vehicle	7 Years

Fiduciary Fund

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

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

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

E. Basis of Accounting

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

MOUNT HOLLY BOARD OF EDUCATION

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

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

E. Basis of Accounting (continued):

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

F. Budgets/Budgetary Control

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

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

MOUNT HOLLY BOARD OF EDUCATION

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

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

F. Budgets/Budgetary Control (continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$18,221,875	\$1,710,724
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	884,887	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(929,935)	

MOUNT HOLLY BOARD OF EDUCATION

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

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

H. Cash, Cash Equivalents and Investments

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

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

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

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

I. 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 Mount Holly Board of Education and that are due within one year.

J. Fixed Assets

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

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

J. Fixed Assets (continued):

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

Site Improvements	10-20 Years
Building & Building Improvements	10-20 Years
Furniture & Equipment	5-20 Years
Vehicles	5-20 Years
Infrastructure	30 Years

K. Accrued Salaries and Wages

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

L. Compensated Absences

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

MOUNT HOLLY BOARD OF EDUCATION

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

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

O. Fund Equity

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

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

Note 2. Cash and Cash Equivalents and Investments

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

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$2,665,132</u>
Total Deposits	<u>\$2,665,132</u>

The District's Cash & Cash Equivalents are Reported as Follows:

Government Fund	\$2,136,010
Enterprise Fund	29,833
Fiduciary Fund	<u>499,289</u>
Total Cash & Cash Equivalents	<u>\$2,665,132</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$3,257,497 at June 30, 2010. Of the bank balance \$250,004 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$3,007,493 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

MOUNT HOLLY BOARD OF EDUCATION

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

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

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

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

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

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

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

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

MOUNT HOLLY BOARD OF EDUCATION

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

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

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

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

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

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

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

Note 4. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2009	\$ 921,016
Increase from transfer from Unreserved Fund Balance	250,000
Interest Earnings	4,923
Ending Balance, June 30, 2010	<u>\$1,175,939</u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2010, the District transferred \$ -0- to the capital outlay accounts.

Note 6. Fixed Assets

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

	June 30,		Adjustments/	June 30,
Governmental Activities:	2009	Additions	Disposals	2010
Capital Assets Not Being Depreciated:				
Land	\$ 9,786,500			\$ 9,786,500
Capital Assets Being Depreciated:				
Site Improvements	599,538		\$ (69,458)	530,080
Building & Building Improvements	5,587,250		(518,620)	5,068,630
Equipment	2,745,991	\$147,318	(812,463)	2,080,846
Less: Accumulated Depreciation	<u>(6,765,209)</u>	<u>(137,586)</u>	944,923	<u>(5,957,872)</u>
Total Assets Being Depreciated, Net	<u>2,167,570</u>	<u>9,732</u>	<u>(455,618)</u>	<u>1,721,684</u>
Governmental Activities Capital				
Assets, Net	<u>\$11,954,070</u>	<u>\$ 9,732</u>	<u>\$(455,618)</u>	<u>\$11,508,184</u>

MOUNT HOLLY BOARD OF EDUCATION

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

Note 6. Fixed Assets (continued):

Business-Type Activities:	June 30, 2009	Additions	Disposals	June 30, 2010
Capital Assets Being Depreciated:				
Equipment	\$229,473		\$ -	\$229,473
Less: Accumulated Depreciation	(202,540)	\$(5,332)		(207,872)
Business-Type Activities Capital Assets, Net	<u>\$ 26,933</u>	<u>\$(5,332)</u>	<u>\$ -</u>	<u>\$ 21,601</u>

Note 7. Receivables

Receivables at June 30, 2010 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectable in full due to the stable condition of the other governmental units, State programs and the current year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$201,108	\$ 7,750	\$ 1,027	\$209,885
Federal Aid	29,519	337,377	20,927	387,823
Other	22,126			22,126
Total	<u>\$252,753</u>	<u>\$345,127</u>	<u>\$21,954</u>	<u>\$619,834</u>

Note 8. Long-Term Obligations

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

	Balance 6/30/09	Increase/ (Decrease)	Balance 6/30/10	Due Within One Year
Compensated Absences Payable	<u>\$980,984</u>	<u>\$(139,928)</u>	<u>\$841,056</u>	<u>\$ -</u>
Total	<u>\$980,984</u>	<u>\$(139,928)</u>	<u>\$841,056</u>	<u>\$ -</u>

MOUNT HOLLY BOARD OF EDUCATION

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

Note 9. Pension Plans

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

MOUNT HOLLY BOARD OF EDUCATION

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

Note 9. Pension Plans (continued):

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

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

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$167,211	100%	\$ -0-
6/30/09	153,485	100%	-0-
6/30/08	108,751	100%	-0-

MOUNT HOLLY BOARD OF EDUCATION

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

Note 9. Pension Plans (continued):

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 486,722	100%	\$ -0-
6/30/09	527,235	100%	-0-
6/30/08	1,422,941	100%	-0-

During the year ended June 30, 2010 the State of New Jersey contributed \$486,722 to the TPAF for normal and post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$629,490 for the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the Basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 10. Post-Retirement Benefits

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

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

Note 11. Risk Management

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

MOUNT HOLLY BOARD OF EDUCATION

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

Note 11. Risk Management (continued):

Property and Liability Insurance – The District maintains commercial insurance coverage for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

A complete schedule of insurance coverage can be found in the “Statistical Section” of the report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for Amounts due to the State. The following is a summary of School District contributions, 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:

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2009-2010	\$ None	\$19,082	\$101	\$ None	\$53,669
2008-2009	60,000	33,055	100	75,382	34,486
2007-2008	None	16,806	652	21,254	16,713

Note 12. Contingencies

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined statements for such contingencies.

Note 13. Economic Dependency

The District participates in numerous state and federal 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.

MOUNT HOLLY BOARD OF EDUCATION

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

Note 13. Economic Dependency (continued):

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 District's future operation is not yet determinable.

Note 14. Fund Balance Appropriated

General Fund – Of the \$1,879,034 General Fund fund balance at June 30, 2010, \$1,175,939 is reserved for the Capital Reserve Account; \$200,000 is reserved for emergencies; \$250,000 is reserved for maintenance; \$819,126 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$407,471 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); and \$(573,621) is unreserved and undesignated.

Note 15. Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$38,402	\$ 2,752
Special Revenue Fund		38,402
Trust & Agency Fund	<u>8,604</u>	<u>5,852</u>
Total	<u>\$47,006</u>	<u>\$47,006</u>

The purpose of the interfunds are short-term borrowings.

Note 16. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The 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 purchases 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 District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements. The plan administrators are as follows:

Lincoln Investments	Equitable
---------------------	-----------

MOUNT HOLLY BOARD OF EDUCATION

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

Note 17. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2010 is \$841,056.

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

Note 18. Deficit Unrestricted Net Assets

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$(1,414,677) existed as of June 30, 2010 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences. 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 District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events that place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

Note 19. Deficit Fund Balance

The District has a deficit fund balance of \$573,621 in the General Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). *P.L. 2003, C97* provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides

MOUNT HOLLY BOARD OF EDUCATION

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

Note 19. Deficit Fund Balance (continued):

legal authority for schools districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes as asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unreserved, undesignated general fund balance that is reported 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 District deficit for the general fund in the GAAP funds statements of \$573,621 is less than the last two state aid payments of \$929,935.

Note 20. Calculation of Excess Surplus

In accordance with *N.J.S.A. 18A:7F-7*, as amended by P.L. 2005, c.73 (S1701), and the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$411,655.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules



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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	10-1210	\$6,889,889		6,889,889	6,889,889		6,814,889	6,814,889	6,814,889	
Interest on Capital Reserve	10-1XXX				4,924	4,924	20,000	20,000	5,045	(14,955)
Tuition	10-1300	30,000		30,000	222,341	192,341				
Other Restrict Miscellaneous	10-1XXX						15,000	15,000	78,638	63,638
Unrestricted Miscellaneous	10-1XXX	55,000		55,000	135,235	80,235	53,500	53,500	115,065	61,565
Total Local Sources		6,974,889		6,974,889	7,252,389	277,500	6,903,389	6,903,389	7,013,637	110,248
State Sources:										
Categorial Transportation Aid	10-3121	120,981		120,981	78,638	(42,343)	83,136	83,136	83,136	
Categorial Special Education Aid	10-3132	505,221		505,221	505,221		461,677	461,677	461,677	
Equalization Aid	10-3176	7,706,036	(1,398,230)	6,307,806	6,307,806		6,833,826	6,833,826	6,768,431	(65,395)
Categorial Security Aid	10-3177	245,962		245,962	237,355	(8,607)	217,067	217,067	217,067	
Adjustment Aid	10-3178	1,882,656		1,882,656	1,223,726	(658,930)	2,865,150	2,865,150	2,817,532	(47,618)
Extraordinary Aid	10-3131	23,000		23,000	40,827	17,827	46,336	46,336	93,954	47,618
Nonpublic School Transportation					3,383	3,383			4,872	4,872
Other State Aid									1,973	1,973
Nonbudgeted:										
On-Behalf TPAF Pension Contributions					486,722	486,722			26,260	26,260
On-Behalf Post-Retirement Medical									500,975	500,975
Reimbursed TPAF Social Security Contributions					629,490	629,490			612,167	612,167
Total State Sources		10,483,856	(1,398,230)	9,085,626	9,513,168	427,542	10,507,192	10,507,192	11,588,044	1,080,852
Federal Sources:										
ARRA - ESF			1,346,120	1,346,120	1,346,120					
ARRA - GSF			52,110	52,110	52,110					
Medicaid Reimbursement	10-4200	32,763		32,763	58,088	25,325	16,000	16,000	67,596	51,596
Total Federal Services		32,763	1,398,230	1,430,993	1,456,318	25,325	16,000	16,000	67,596	51,596
Total Revenues		17,491,508		17,491,508	18,221,875	730,367	17,426,581	17,426,581	18,669,277	1,242,696

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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Pre-Kindergarten	11-105-100-101	254,701	(1,021)	253,680	253,680	289,078	(41,415)	247,663	247,663		
Kindergarten	11-110-110-101	362,983	47,608	410,591	410,591	495,050	(149,215)	345,835	345,169	666	
Grades 1 - 5	11-120-100-101	2,391,803	(128,718)	2,263,085	2,192,636	70,449	2,452,359	(117,117)	2,335,242	2,335,242	
Grades 6 - 8	11-130-100-101	1,480,635		1,480,635	1,479,189	1,446	1,572,687	(43,890)	1,528,797	1,462,672	66,125
Regular Programs - Home Instruction:											
Salaries of Teachers	11-150-100-101	8,400	9,000	17,400	15,110	2,290	4,000	3,000	7,000	3,981	3,019
Purchased Professional & Educational Services	11-150-100-320	2,400	5,240	7,640	4,360	3,280	2,400		2,400	1,540	860
Regular Programs - Undistributed:											
Other Salaries for Instruction	11-190-100-106	214,672	7,142	221,814	197,022	24,792	249,465	(51,422)	198,043	194,793	3,250
Purchased Professional & Educational Services	11-190-100-320	179,469	11,126	190,595	156,184	34,411	92,800	167,447	260,247	259,337	910
Purchased Technical Services	11-190-100-340	127,250	(125,407)	1,843	1,708	135	62,000	87,350	149,350	144,115	5,235
Other Purchased Services	11-190-100-500	233,290	(19,808)	213,482	156,788	56,694	227,389	7,009	234,398	213,581	20,817
General Supplies	11-190-100-610	140,246	(19,506)	120,740	113,670	7,070	252,600	15,115	267,715	249,062	18,653
Textbooks	11-190-100-640	17,500	1,155	18,655	14,565	4,090	105,250	(89,600)	15,650	15,634	16
Total Instruction - Regular Programs		5,413,349	(213,189)	5,200,160	4,741,823	458,337	5,805,078	(212,738)	5,592,340	5,472,789	119,551
Special Education:											
Learning and/or Language Disabilities											
Salaries of Teachers	11-204-100-101						473,112	(61,862)	411,250	411,250	
Other Salaries for Instruction	11-204-100-106						170,950	(86,857)	84,093	83,405	688
Purchased Professional & Educational Services	11-204-100-320	24,029	(24,029)				24,029		24,029	24,029	
General Supplies	11-204-100-610	762	(664)	98	98		2,030	174	2,204	970	1,234
Other Objects	11-204-100-800	5	(5)				405	(174)	231	44	187
Total Learning and/or Language Disabilities		24,796	(24,698)	98	98		670,526	(148,719)	521,807	519,698	2,109
Behavioral Disabilities:											
Salaries of Teachers	11-209-100-101						52,202		52,202	51,752	450
Other Salaries for Instruction	11-209-100-106						13,768	(13,768)			
Purchased Professional & Educational Services	11-209-100-320	18,729	(18,729)				18,729		18,729	8,712	10,017
General Supplies	11-209-100-610	1,435	(1,435)				1,595		1,595		1,595
Other Objects	11-209-100-800	243	(243)				270		270		270
Total Behavioral Disabilities		20,407	(20,407)				86,564	(13,768)	72,796	60,464	12,332

57

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

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	54,227	1,142	55,369	55,369		196,264	(93,982)	102,282	102,282	
Other Salaries for Instruction	11-212-100-106	22,612		22,612	22,612		45,621	(1,654)	43,967	37,060	6,907
Purchased Professional & Educational Services	11-212-100-320	20,980		20,980	20,980		20,980		20,980	500	20,480
General Supplies	11-212-100-610	810		810	618	192	1,755		1,755	557	1,198
Other Objects	11-212-100-800	324		324		324	460		460		460
Total Multiple Disabilities		98,953	1,142	100,095	99,579	516	265,080	(95,636)	169,444	140,399	29,045
Resource Room/Center:											
Salaries of Teachers	11-213-100-101	1,444,672	2,974	1,447,646	1,391,498	56,148	762,468	(104,872)	657,596	655,746	1,850
Other Salaries for Instruction	11-213-100-106	186,787	24	186,811	185,284	1,527	67,746	45,269	113,015	112,935	80
Purchased Professional & Educational Services	11-213-100-320	15,750	43,128	58,878	58,878		15,750		15,750	500	15,250
General Supplies	11-213-100-610	2,496	2,038	4,534	2,040	2,494	3,020		3,020	2,059	961
Other Objects	11-213-100-800	524	49	573		573	590		590	38	552
Total Resource Room/Center		1,650,229	48,213	1,698,442	1,637,700	60,742	849,574	(59,603)	789,971	771,278	18,693
Total Special Education		1,794,385	4,250	1,798,635	1,737,377	61,258	1,871,744	(317,726)	1,554,018	1,491,839	62,179
Instruction:											
Bilingual Education - Instruction:											
Salaries of Teachers	11-240-100-101	159,082	1,152	160,234	147,154	13,080	155,031		155,031	155,031	
Other Salaries for Instruction	11-240-100-106	23,062	(813)	22,249	22,249		22,575		22,575	22,575	
Purchased Professional & Educational Services	11-240-200-320	2,500	(1,277)	1,223	1,223		2,500	(1,900)	600		600
General Supplies	11-240-100-610		1,194	1,194	1,194			1,250	1,250	187	1,063
Total Bilingual Education - Instruction		184,644	256	184,900	171,820	13,080	180,106	(650)	179,456	177,793	1,663
School Sponsored Cocurricular Activities:											
Salaries of Teachers	11-401-100-101	189,171	(12,090)	177,081	177,081		128,307	46,188	174,495	168,011	6,484
Purchased Services	11-401-100-500	3,840	13,600	17,440	16,182	1,258	30,592	(10,200)	20,392	16,581	3,811
Supplies and Materials	11-401-100-600	14,600	3,405	18,005	13,944	4,061	17,412	(800)	16,612	5,469	11,143
Total School Sponsored Cocurricular Activities		207,611	4,915	212,526	207,207	5,319	176,311	35,188	211,499	190,061	21,438
School Sponsored Athletics - Instruction:											
Salaries of Teachers	11-402-100-100	21,084		21,084	21,084		29,172	13,463	42,635	42,635	
Purchased Services	11-402-100-500							3,000	3,000	2,280	720

58

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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total School Sponsored Athletics-Instruction	21,084		21,084	21,084		29,172	16,463	45,635	44,915	720
Other Instructional Programs - Instruction:										
Salaries of Teachers 11-403-100-101	78,028		78,028	78,028		76,528	(500)	76,028	72,227	3,801
Supplies and Materials 11-403-100-600	5,660	(126)	5,534	4,535	999	13,790	500	14,290	11,847	2,443
Total Other Instructional Programs - Instruction	83,688	(126)	83,562	82,563	999	90,318		90,318	84,074	6,244
Total Instruction	497,027	5,045	502,072	482,674	19,398	475,907	51,001	526,908	496,843	30,065
Undistributed Expenditures:										
Tuition to Other LEA's - Within State Regular 11-000-100-561		18,100	18,100	13,790	4,310		63,920	63,920	61,516	2,404
Tuition to Other LEA's - Within State Special 11-000-100-562	257,199	(14,510)	242,689	159,285	83,404	71,880	67,080	138,960	136,423	2,537
Tuition to County Special Services & Regular Day Schools 11-000-100-565	1,075,691	1,417	1,077,108	1,057,508	19,600	817,318	46,000	863,318	862,861	457
Tuition to Private Schools - Handicapped Within State 11-000-100-566	235,072	2,332	237,404	155,468	81,936	336,941	(78,459)	258,482	253,039	5,443
Tuition - State Facilities 11-000-100-568							30,000	30,000	28,982	1,018
Total Undistributed Expenditures - Instruction	1,567,962	7,339	1,575,301	1,386,051	189,250	1,226,139	128,541	1,354,680	1,342,821	11,859
Attendance & Social Work Services:										
Salaries 11-000-211-100	11,950		11,950	11,950		10,989		10,989	10,989	
Total Attendance & Social Work Services	11,950		11,950	11,950		10,989		10,989	10,989	
Health Services:										
Salaries 11-000-213-100	177,518	(2,000)	175,518	175,518		191,277	769	192,046	183,489	8,557
Purchased Professional & Educational Services 11-000-213-300	5,700	6,063	11,763	11,260	503	5,700		5,700	5,700	
Supplies and Materials 11-000-213-600	4,845	395	5,240	5,048	192	6,138	(918)	5,220	4,695	525
Other Objects 11-000-213-800						90		90	90	
Total Health Services	188,063	4,458	192,521	191,826	695	203,205	(149)	203,056	193,884	9,172
Other Support Services - Students - Related Services:										
Salaries 11-000-216-100	318,086		318,086	318,086		308,687	1,280	309,967	309,967	
Purchased Professional & Educational Services 11-000-216-320	44,155	(4,036)	40,119	4,792	35,327	33,155	(29,598)	3,557	3,200	357
Supplies and Materials 11-000-216-600	1,000		1,000		1,000	1,500		1,500		1,500
Other Objects 11-000-216-800	200		200		200	600		600		600

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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Other Support Services - Students - Related Services	363,441	(4,036)	359,405	322,878	36,527	343,942	(28,318)	315,624	313,167	2,457
Other Support Services - Students - Regular:										
Salaries of Other Professional Staff	240,002		240,002	240,002		284,264		284,264	284,064	200
Salaries of Secretarial & Clerical Staff						4,140	220	4,360	2,836	1,524
Other Salaries						280		280		280
Supplies and Materials	2,253	(433)	1,820	1,245	575		30	30	28	2
Other Objects	162		162		162					
Total Other Support Services - Students - Regular	242,417	(433)	241,984	241,247	737	288,684	250	288,934	286,928	2,006
Other Support Services - Students - Special Services:										
Salaries of Other Professional Staff										
Staff	412,696	(20,688)	392,008	362,941	29,067	542,214	500	542,714	536,259	6,455
Salaries of Secretarial & Clerical Assistants	98,558		98,558	98,592	(34)	96,936	(500)	96,436	94,776	1,660
Miscellaneous Purchased Services	5,975	(212)	5,763	2,634	3,129	6,550	(1,260)	5,290	4,539	751
Supplies and Materials	6,975		6,975	6,725	250	4,320	214	4,534	3,334	1,200
Other Objects	3,610	40	3,650	3,593	57	3,960	(505)	3,455	3,180	275
Total Other Support Services - Students - Special Services	527,814	(20,860)	506,954	474,485	32,469	653,980	(1,551)	652,429	642,088	10,341
Improvement of Instructional Services:										
Salaries of Supervisor of Instruction										
Salaries of Secretarial & Clerical Assistants	53,400	4,000	57,400	57,400		48,760	19,962	68,722	68,722	
Other Salaries	15,349		15,349	15,349		24,252	(8,119)	16,133	16,133	
Other Purchased Services							3,077	3,077	3,077	
Supplies and Materials	1,000	1,506	2,506	1,196	1,310	9,310	(2,049)	7,261	5,971	1,290
Other Objects	3,000	1,278	4,278	4,201	77	5,000	2,525	7,525	7,430	95
Total Improvement of Instructional Services	73,649	6,784	80,433	78,260	2,173	90,022	13,705	103,727	102,007	1,720
Educational Media Services/School Library:										
Salaries	101,197	23,187	124,384	124,384		123,441	(12,163)	111,278	98,370	12,908
Purchased Professional & Technical Services						29,350	(29,350)			
Supplies and Materials	19,900	10,270	30,170	28,418	1,752		22,347	22,347	20,335	2,012
Other Objects	6,480		6,480	6,420	60	7,200		7,200	6,212	988
Total Educational Media Services/School Library	127,577	33,457	161,034	159,222	1,812	159,991	(19,166)	140,825	124,917	15,908

09

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

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Instructional Staff Training Services:											
Salaries of Supervisor of Instruction	11-000-223-102	53,400		53,400	53,400		48,760	(6,656)	42,104	42,104	
Salaries of Secretarial & Clerical Assistants	11-000-223-105	15,349		15,349	15,349		22,752	13,709	36,461	32,720	3,741
Purchased Professional & Educational Services	11-000-223-320		3,465	3,465	1,118	2,347					
Other Purchased Services	11-000-223-500		2,226	2,226	2,226						
Supplies and Materials	11-000-223-600	800	(140)	660		660	1,500	(970)	530	530	
Other Objects	11-000-223-800	200	140	340	334	6	2,000	(1,699)	301	301	
Total Instructional Staff Training Services		69,749	5,691	75,440	72,427	3,013	75,012	4,384	79,396	75,655	3,741
Support Services - General Administration:											
Salaries	11-000-230-100	210,726	5,815	216,541	215,888	653	218,524	(466)	218,058	218,058	
Legal Services	11-000-230-331	39,000	17	39,017	38,931	86	37,000	(400)	36,600	32,730	3,870
Audit Services	11-000-230-332	22,600	750	23,350	23,350		25,200	3,300	28,500	28,440	60
Architectural/Engineering Services	11-000-230-334		7,442	7,442	7,442						
Other Purchased Professional Services	11-000-230-339	2,900	11,877	14,777	14,738	39	2,900	362	3,262	3,207	55
Communications/Telephone	11-000-230-530	5,000	6,404	11,404	11,309	95	25,000	22,830	47,830	47,040	790
Other Purchased Services	11-000-230-590	102,677	(29,932)	72,745	71,917	828	61,850	31,424	93,274	93,271	3
Supplies & Materials	11-000-230-610	6,000	320	6,320	5,838	482	4,000	7,696	11,696	9,768	1,928
Judgements Against District	11-000-230-820		7,500	7,500	7,500						
Miscellaneous Expenditures	11-000-230-890	4,192	2,588	6,780	6,385	395	4,918	11,469	16,387	15,210	1,177
BOE Membership Dues & Fees	11-000-230-895	10,467	1,075	11,542	11,542		9,300	(9,300)			
Total Support Services General Administration		403,562	13,856	417,418	414,840	2,578	388,692	66,915	455,607	447,724	7,883
Support Services - School Administration:											
Salaries of Principals/Assistants											
Principals	11-000-240-103	386,200	12,087	398,287	398,287		329,045	40,027	369,072	369,072	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	290,107		290,107	290,106	1	276,390	5,317	281,707	280,020	1,687
Other Purchased Services	11-000-240-500	4,000	(3,280)	720		720	3,247	(1,005)	2,242	1,018	1,224
Supplies & Materials	11-000-240-600	16,709	(1,458)	15,251	14,617	634	7,513	8,431	15,944	13,682	2,262
Other Objects	11-000-240-800	3,630	1,584	5,214	4,289	925	6,422	1,302	7,724	5,907	1,817
Total Support Services School Administration		700,646	8,933	709,579	707,299	2,280	622,617	54,072	676,689	669,699	6,990
Central Services:											
Salaries	11-000-251-100	245,395	15,188	260,583	257,627	2,956	229,602	3,401	233,003	233,003	
Purchased Professional Services	11-000-251-330	3,150	5,017	8,167	4,168	3,999					
Miscellaneous Purchased Services	11-000-251-592	14,500	2,140	16,640	14,734	1,906	12,800	1,215	14,015	12,028	1,987
Supplies & Materials	11-000-251-600	13,000	(2,105)	10,895	8,643	2,252	12,000	6,735	18,735	17,182	1,553

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

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Central Services (continued):											
Interest on Lease Purchase Agreements	11-000-251-832	1,200	(1,200)					3,100	3,100	2,036	1,064
Miscellaneous Expenditures	11-000-251-890	4,220	497	4,717	4,717			7,385	7,385	5,560	1,825
Total Central Services		281,465	19,537	301,002	289,889	11,113	254,402	21,836	276,238	269,809	6,429
Admin Info Technology:											
Purchased Technical Services	11-000-252-340		161,422	161,422	161,397	25					
Supplies & Materials	11-000-252-600		56,285	56,285	52,957	3,328					
Total Admin Info Technology			217,707	217,707	214,354	3,353					
Regular Maintenance School Facilities:											
Cleaning, Repairs & Maintenance Services	11-000-261-420	42,000	1,765	43,765	43,467	298	77,000	(21,508)	55,492	53,049	2,443
Travel	11-000-261-580		109	109	109						
General Supplies	11-000-261-610	60,400	79	60,479	58,857	1,622	31,050	21,824	52,874	51,351	1,523
Other Objects	11-000-261-800	900		900	756	144	1,700		1,700	1,085	615
Total Regular Maintenance School Facilities		103,300	1,953	105,253	103,189	2,064	109,750	316	110,066	105,485	4,581
Operation & Maintenance of Plant Services & School Facilities:											
Salaries	11-000-262-100	731,505	43,613	775,118	775,117	1	771,034	149,298	920,332	914,724	5,608
Salaries of Non-Instructional Aides	11-000-262-107	93,681	(2,500)	91,181	90,727	454					
Purchased Professional & Technical Services	11-000-262-300	15,645	2,000	17,645	15,702	1,943	19,700	3,923	23,623	22,585	1,038
Cleaning, Repair & Maintenance Services	11-000-262-420	39,350	156	39,506	37,191	2,315	34,800	213,556	248,356	244,052	4,304
Other Purchased Property Services	11-000-262-490	35,970	5,340	41,310	31,059	10,251	25,200	18,000	43,200	33,808	9,392
Insurance	11-000-262-520		300	300	290	10	7,500	(7,500)			
General Supplies	11-000-262-610	73,091	4,444	77,535	76,877	658	94,051	(17,677)	76,374	68,816	7,558
Energy (Heat & Electricity)	11-000-262-620	454,600	(454,600)				451,000	31,000	482,000	418,493	63,507
Energy (Natural Gas)	11-000-262-621		210,385	210,385	135,513	74,872					
Energy (Electricity)	11-000-262-622		221,450	221,450	203,901	17,549					
Other Objects	11-000-262-800	1,350	(600)	750	750		1,500	(200)	1,300	684	616
Total Operation & Maintenance of Plant Services & School Facilities		1,445,192	29,988	1,475,180	1,367,127	108,053	1,404,785	390,400	1,795,185	1,703,162	92,023
Student Transportation Services:											
Management Fee - ESC & CTSA Transportation Program	11-000-270-350	23,000	2,424	25,424	20,473	4,951	23,000	(2,425)	20,575	18,148	2,427
Contracted Services (Between Home & School) - Vendors	11-000-270-512	9,900		9,900	4,994	4,906	9,000	(5,063)	3,937	3,937	

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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Student Transportation Services (continued):											
Contracted Services (Special Education Students) - ESCs & CTAs	11-000-270-518	360,000	(973)	359,027	357,446	1,581	435,000	(64,983)	370,017	333,895	36,122
Contracted Services - Aid in Lieu of Payments	11-000-270-503	25,604	(1,451)	24,153	21,604	2,549	36,937	(9,939)	26,998	26,998	
Total Student Transportation Services		418,504		418,504	404,517	13,987	503,937	(82,410)	421,527	382,978	38,549
Undistributed Expenditures - Other Support Services:											
Salaries	11-000-290-100							75,495	75,495	75,495	
Total Undistributed Expenditures - Other Support Services								75,495	75,495	75,495	
Unallocated Benefits Employee Benefits:											
Social Security Contributions	11-000-291-220	207,835	3,908	211,743	203,515	8,228	197,000		197,000	197,000	
TPAF Contributions - ERIP	11-000-291-232							170,737	170,737	157,464	13,273
Other Retirement Contributions - Regular	11-000-291-241	150,000	162,318	312,318	309,023	3,295	246,000	(143,827)	102,173	22,610	79,563
Unemployment Benefits	11-000-291-250							60,000	60,000	60,000	
Workman's Compensation	11-000-291-260	209,755	(68,709)	141,046	120,510	20,536	182,396		182,396	164,801	17,595
Health Benefits	11-000-291-270	2,802,371	(68,868)	2,733,503	2,531,471	202,032	3,001,173	(1,080,341)	1,920,832	1,893,366	27,466
Tuition Reimbursement	11-000-291-280	65,000		65,000	40,606	24,394	36,000	12,750	48,750	48,748	2
Other Employee Benefits	11-000-291-290	138,000	(56,550)	81,450	76,266	5,184		787,137	787,137	743,646	43,491
Total Unallocated Benefits - Employee Benefits		3,572,961	(27,901)	3,545,060	3,281,391	263,669	3,662,569	(193,544)	3,469,025	3,287,635	181,390
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					486,722	(486,722)				26,260	(26,260)
On-Behalf Post-Retirement Medical										500,975	(500,975)
Reimbursed TPAF Social Security Contributions					629,490	(629,490)				612,167	(612,167)
Total Nonbudgeted					1,116,212	(1,116,212)				1,139,402	(1,139,402)
Total Undistributed Expenditures		10,098,252	296,473	10,394,725	10,837,164	(442,439)	9,998,716	430,776	10,429,492	11,173,845	(744,353)
Total Expenditures - Current Expense		17,803,013	92,579	17,895,592	17,799,038	96,554	18,151,445	(48,687)	18,102,758	18,635,316	(532,558)
Capital Outlay:											
Interest to Capital Reserve							20,000	(20,000)			
Equipment:											
Regular Programs - Instruction:											
Grades 6 - 8	12-130-100-730		49,799	49,799	49,799		10,600	39,200	49,800		49,800
Support Services	12-000-220-730		2,315	2,315	2,315						
School Administration	12-000-240-730							2,187	2,187	2,187	
Central Services	12-000-251-730		17,172	17,172	17,172			18,500	18,500	12,381	6,119
Operation & Maintenance of Plant Services	12-000-260-730							8,800	8,800	8,800	
Custodial Services	12-000-262-730		3,095	3,095	3,095						
Total Equipment			72,381	72,381	72,381		10,600	68,687	79,287	23,368	55,919

63

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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Facilities Acquisition & Construction Services:										
Architectural/Engineering Services	12-000-400-334	30,000	(30,000)							
Total Acquisition & Construction Services		30,000	(30,000)							
Total Capital Outlay		30,000	42,381	72,381	72,381	30,600	48,687	79,287	23,368	55,919
Total Expenditures		17,833,013	134,960	17,967,973	17,871,419	96,554	18,182,045	18,182,045	18,658,684	(476,639)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(341,505)	(134,960)	(476,465)	350,456	826,921	(755,464)	(755,464)	10,593	766,057
Other Financing Sources\ (Uses):										
Transfer to Food Service	11-000-310-930	(3,000)	2,315	(685)		685	(14,432)	(14,432)		14,432
Sources Over/(Under) Expenditures & Other Financing Uses		(344,505)	(132,645)	(477,150)	350,456	827,606	(769,896)	(769,896)	10,593	780,489
Fund Balances, July 1		2,458,513		2,458,513	2,458,513	2,447,920		2,447,920	2,447,920	
Fund Balances, June 30		\$2,114,008	(132,645)	1,981,363	2,808,969	827,606	1,678,024	-	1,678,024	2,458,513

RECAPITULATION OF FUND BALANCE

Reserve for Encumbrances	\$7,590
Reserve for Excess Surplus	411,655
Emergency Reserve	200,000
Maintenance Reserve	250,000
Capital Reserve Account	1,175,939
Excess Surplus Designated for Subsequent Year's Expenditures	407,471
Designated for Subsequent Year's Expenditures	
Unrestricted Fund Balance	<u>356,314</u>
Subtotal	2,808,969
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(929,935)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$1,879,034</u>

**MOUNT HOLLY SCHOOL DISTRICT
AMERICAN RECOVERY AND REINVESTMENT ACT -
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	ACCOUNT NUMBERS	JUNE 30, 2010			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL	
Revenues:					
Federal Sources:					
ARRA - Education Stabilization Fund		\$ -	1,346,120	1,346,120	1,346,120
ARRA - Government Services Fund			52,110	52,110	52,110
Total Federal Services			1,398,230	1,398,230	1,398,230
Total Revenues			1,398,230	1,398,230	1,398,230
Expenditures:					
Education Stabilization Fund					
Instruction - Regular Programs:					
Salaries of Teachers:					
Kindergarten	16-110-100-101		81,914	81,914	81,914
Grades 1 - 5	16-120-100-101		484,099	484,099	484,099
Grades 6 - 8	16-130-100-101		299,852	299,852	299,852
Other Salaries for Instruction	16-190-100-101		26,756	26,756	26,756
Multiple Disabilities:					
Salaries of Teachers	16-212-100-101		11,074	11,074	11,074
Other Salaries for Instruction	16-212-100-106		4,522	4,522	4,522
Resource Room/Resource Center:					
Salaries of Teachers	16-216-100-101		348,516	348,516	348,516
Other Salaries for Instruction	16-216-100-106		37,353	37,353	37,353
Bilingual Education:					
Salaries of Teachers	16-240-100-101		31,816	31,816	31,816
Other Salaries for Instruction	16-240-100-106		4,612	4,612	4,612
Other Instructional Programs - Instruction:					
Salaries	16-403-100-101		15,606	15,606	15,606
Total Education Stabilization Fund			1,346,120	1,346,120	1,346,120
Government Services Fund:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Grades 1-5	17-120-100-101		52,110	52,110	52,110
Total Government Services Fund			52,110	52,110	52,110
Total Expenditures			1,398,230	1,398,230	1,398,230
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures					
Fund Balances, July 1					
Fund Balances, June 30		\$ -	-	-	-

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
State Sources	\$144,112	431,776	575,888	541,000	(34,888)	99,726	130,375	230,101	199,804	(30,297)
Federal Sources	949,020	689,854	1,638,874	1,169,724	(469,150)	778,902	578,261	1,357,163	1,226,965	(130,198)
Total - Revenues	1,093,132	1,121,630	2,214,762	1,710,724	(504,038)	878,628	708,636	1,587,264	1,426,769	(160,495)
EXPENDITURES:										
Instruction:										
Salaries of Teachers	949,020	(169,667)	779,353	726,995	52,358	348,328	831	349,159	348,328	831
Purchased Professional & Educational Services	129,091	1,537	130,628	96,147	34,481	153,754	(141,394)	12,360	12,360	
Purchased Professional & Technical Services						5,418	191,677	197,095	154,324	42,771
General Supplies		116,841	116,841	93,633	23,208		95,171	95,171	69,064	26,107
Textbooks	15,021	2,882	17,903	17,893	10		17,672	17,672	17,672	
Tuition		114,763	114,763	91,004	23,759	103,459		103,459	103,459	
Total Instruction	1,093,132	66,356	1,159,488	1,025,672	133,816	610,959	163,957	774,916	705,207	69,709
Support Services:										
Salaries		140,267	140,267	86,565	53,702		56,654	56,654	23,409	33,245
Salaries of Secretaries & Clerical Assistants		1,200	1,200	60	1,140		1,660	1,660	1,660	
Other Salaries		127,584	127,584	52,598	74,986					
Personal Services - Employee Benefits		231,561	231,561	176,257	55,304		97,110	97,110	94,533	2,577
Purchased Professional - Educational Services		377,065	377,065	262,247	114,818	267,669	23,814	291,483	286,142	5,341

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C - Series)	\$18,221,875	1,710,724
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	884,887	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(929,935)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		260,703
		<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<hr/> <hr/>	<hr/> <hr/>
	\$18,176,827	1,971,427
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<hr/>	<hr/>
	\$17,871,419	1,710,724
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		260,703
		<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<hr/> <hr/>	<hr/> <hr/>
	\$17,871,419	1,971,427

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budgets Schedules

Not Applicable

E. Special Revenue Fund

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

	CHAPTER 192			
	AUXILIARY SERVICES			
	NONPUBLIC	COMPENSATION		
	TEXTBOOK	NURSING	EDUCATION	TRANSPORTATION
Revenues:				
State Sources	\$17,893	21,230	28,692	1,545
Federal Sources				
Total Revenues	\$17,893	21,230	28,692	1,545
Expenditures:				
Instruction:				
Salaries of Teachers				
Professional Education Services		21,230	28,692	1,545
Purchased Professional & Technical Services				
General Supplies				
Textbooks	\$17,893			
Tuition				
Total Instruction	17,893	21,230	28,692	1,545
Support Services:				
Salaries				
Other Salaries				
Salaries of Secretarial & Clerical Assistants				
Purchased Professional & Educational Services				
Purchased Technical Services				
Purchased Professional & Technical Services				
Personal Services - Employee				
Travel				
Other Purchased Services (400-500)				
Supplies & Materials				
Total Support Services				
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$17,893	21,230	28,692	1,545

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

	CHAPTER 193 HANDICAPPED SERVICES				
	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	EXAMINATION AND CLASSIFICATION	IDEAL	PRESCHOOL EDUCATION
Revenues:					
State Sources	\$16,320	8,601	14,626	60,000	372,093
Federal Sources					
Total Revenues	\$16,320	8,601	14,626	60,000	372,093
Expenditures:					
Instruction:					
Salaries of Teachers				47,502	299,813
Professional Education Services	16,320	8,601	14,626		
Purchased Professional & Technical Services					
General Supplies					
Textbooks					
Tuition					
Total Instruction	16,320	8,601	14,626	47,502	299,813
Support Services:					
Salaries					
Other Salaries					
Salaries of Secretarial & Clerical Assistants					
Purchased Professional & Educational Services					
Purchased Technical Services					
Purchased Professional & Technical Services					
Other Employee Benefits				12,498	72,280
Travel					
Other Purchased Services (400-500)					
Supplies & Materials					
Total Support Services				12,498	72,280
Facilities Acquisition & Construction Services:					
Instructional Equipment					
Total Facilities Acquisition & Construction Services					
Total Expenditures	\$16,320	8,601	14,626	60,000	372,093

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

	E.S.E.A. - NO CHILD LEFT BEHIND			
	TITLE 1 CURRENT YEAR	TITLE 1 PRIOR YEAR	TITLE I SIA-G PRIOR YEAR	TITLE I SIA-A CURRENT YEAR
Revenues:				
State Sources				
Federal Sources	\$370,109	19,322	33,398	17,347
Total Revenues	\$370,109	19,322	33,398	17,347
Expenditures:				
Instruction:				
Salaries of Teachers	\$206,933			
Professional Education Services			950	
Purchase Professional & Technical Services				
General Supplies	62,612	2,299		250
Textbooks				
Tuition				
Total Instruction	269,545	2,299	950	250
Support Services:				
Salaries			17,400	
Other Salaries				
Salaries of Secretarial & Clerical Assistants				
Purchased Professional & Educational Services	29,242			14,503
Purchased Technical Services	28,270			
Purchased Professional & Technical Services				
Other Employee Benefits	27,220		1,331	
Travel	10,157			
Other Purchased Services (400-500)				
Supplies & Materials			13,717	2,594
Total Support Services	94,889		32,448	17,097
Facilities Acquisition & Construction Services:				
Instructional Equipment	5,675	17,023		
Total Facilities Acquisition & Construction Services	5,675	17,023		
Total Expenditures	\$370,109	19,322	33,398	17,347

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

	TITLE I - SIA PRIOR YEAR	TITLE II PART A CURRENT YEAR	TITLE II PART D CURRENT YEAR	TITLE III CURRENT YEAR	TITLE III PRIOR YEAR
Revenues:					
State Sources					
Federal Sources	\$36,543	125,950	4,338	8,868	8,453
Total Revenues	\$36,543	125,950	4,338	8,868	8,453
Expenditures:					
Instruction:					
Salaries of Teachers		107,326		6,651	6,762
Professional Education Services			2,546		
Purchase Professional & Technical Services					
General Supplies	\$12,088		876		
Textbooks					
Tuition					
Total Instruction	12,088	107,326	3,422	6,651	6,762
Support Services:					
Salaries	15,855		640		
Other Salaries					
Salaries of Secretarial & Clerical Assistants					
Purchased Professional & Educational Services	4,551	2,210	227		
Purchased Technical Services					
Purchased Professional & Technical Services					
Other Employee Benefits	1,212	15,680	49	2,217	1,691
Travel		199			
Other Purchased Services (400-500)					
Supplies & Materials		535			
Total Support Services	21,618	18,624	916	2,217	1,691
Facilities Acquisition & Construction Services:					
Instructional Equipment	2,837				
Total Facilities Acquisition & Construction Services	2,837				
Total Expenditures	\$36,543	125,950	4,338	8,868	8,453

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

	TITLE IV CURRENT YEAR	A.R.R.A TITLE I	A.R.R.A TITLE I SIA-A	IDEA - B BASIC CURRENT YEAR	IDEA - B BASIC PRIOR YEAR
Revenues:					
State Sources					
Federal Sources	\$6,929	77,812	8,942	302,671	7,756
Total Revenues	\$6,929	77,812	8,942	302,671	7,756
Expenditures:					
Instruction:					
Salaries of Teachers	\$1,080				
Professional Education Services	1,540		97		
Purchase Professional & Technical Services					
General Supplies	4,226		2,508	3,253	4,662
Textbooks					
Tuition				90,004	
Total Instruction	6,846		2,605	93,257	4,662
Support Services:					
Salaries					
Other Salaries		52,598			
Salaries of Secretarial & Clerical Assistants				60	
Purchased Professional & Educational Services		10,302		199,232	1,462
Purchased Technical Services			3,500	6,268	
Purchased Professional & Technical Services					
Other Employee Benefits	83	7,685			
Travel					
Other Purchased Services (400-500)				1,009	
Supplies & Materials		7,227		2,845	1,632
Total Support Services	83	77,812	3,500	209,414	3,094
Facilities Acquisition & Construction Services:					
Instructional Equipment			2,837		
Total Facilities Acquisition & Construction Services			2,837		
Total Expenditures	\$6,929	77,812	8,942	302,671	7,756

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

	IDEA - PART B		A.R.R.A IDEA - PART B		2010	2009
	PRESCHOOL CURRENT YEAR	PRESCHOOL PRIOR YEAR	REGULAR CURRENT YEAR	PRESCHOOL CURRENT YEAR		
Revenues:						
State Sources					541,000	199,804
Federal Sources	\$1,518	859	128,599	10,310	1,169,724	1,226,965
Total Revenues	\$1,518	859	128,599	10,310	1,710,724	1,426,769
Expenditures:						
Instruction:						
Salaries of Teachers			50,928		726,995	348,328
Professional Education Services					96,147	12,360
Purchase Professional & Technical Services						154,324
General Supplies		859			93,633	69,064
Textbooks					17,893	17,672
Tuition	\$1,000				91,004	103,459
Total Instruction	1,000	859	50,928		1,025,672	705,207
Support Services:						
Salaries			43,674	8,996	86,565	23,409
Other Salaries					52,598	
Salaries of Secretarial & Clerical Assistants					60	1,660
Purchased Professional & Educational Services	518				262,247	286,142
Purchased Technical Services					38,038	
Purchased Professional & Technical Services						177,677
Other Employee Benefits			32,997	1,314	176,257	94,533
Travel					10,356	11,166
Other Purchased Services					1,009	13,706
Supplies & Materials			1,000		29,550	47,764
Total Support Services	518		77,671	10,310	656,680	656,057
Facilities Acquisition & Construction Services:						
Instructional Equipment					28,372	65,505
Total Facilities Acquisition & Construction Services					28,372	65,505
Total Expenditures	\$1,518	859	128,599	10,310	1,710,724	1,426,769

F. Capital Projects Fund

Not Applicable

G. Proprietary Funds



Enterprise Funds



**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	2010	2009
Current Assets:		
Cash	\$29,833	
Accounts Receivable:		
State	1,027	727
Federal	20,927	13,331
Other Special Functions		128
Inventories	12,405	13,304
	<hr/>	<hr/>
Total Current Assets	64,192	27,490
Fixed Assets:		
Equipment	229,473	229,473
Less: Accumulated Depreciation	(207,872)	(202,540)
	<hr/>	<hr/>
Total Fixed Assets	21,601	26,933
	<hr/>	<hr/>
Total Assets	85,793	54,423
	<hr/>	<hr/>
 LIABILITIES		
Cash Overdraft		2,286
Accounts Payable	31	
Deferred Revenue	4,226	5,361
	<hr/>	<hr/>
Total Liabilities	4,257	7,647
	<hr/>	<hr/>
 NET ASSETS		
Invested in Capital Assets	21,601	26,933
Unreserved Retained Earnings	59,935	19,843
	<hr/>	<hr/>
Total Net Assets	\$81,536	46,776
	<hr/> <hr/>	<hr/> <hr/>

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

	2010	2009
Operating Revenues:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$97,921	89,871
Breakfast Program	6,400	8,912
Daily Sales Non-Reimbursable Programs	30,475	37,429
Special Functions	7,477	4,493
	<hr/>	<hr/>
Total Operating Revenues	142,273	140,705
	<hr/>	<hr/>
Operating Expenses:		
Salaries	116,288	115,429
Employee Benefits	47,565	48,559
Supplies & Materials	14,382	15,148
Depreciation	5,332	5,900
Management Fee	15,450	15,000
Cost of Sales	193,202	196,509
Direct Services	828	1,045
Other	353	2,460
	<hr/>	<hr/>
Total Operating Expenses	393,400	400,050
	<hr/>	<hr/>
Operating Income/(Loss)	(251,127)	(259,345)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	9,263	8,906
State School Breakfast Program	2,595	2,875
Federal Sources:		
National School Lunch Program	203,613	182,518
National School Breakfast Program	37,060	37,719
Food Distribution Program	33,174	33,131
Interest Revenue	182	88
	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	285,887	265,237
	<hr/>	<hr/>
Income/(Loss) Before Contributions & Transfers	34,760	5,892
	<hr/>	<hr/>
Net Income/(Loss)	34,760	5,892
Net Assets - July 1	46,776	40,884
	<hr/>	<hr/>
Net Assets - June 30	\$81,536	46,776
	<hr/> <hr/>	<hr/> <hr/>

**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	2010	2009
Cash Flows From Operating Activities:		
Receipts from Customers	\$141,266	141,749
Payments to Employees for Services	(163,853)	(163,988)
Payments to Suppliers for Goods & Services	(190,111)	(198,710)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(212,698)	(220,949)
Cash Flows From Noncapital Financing Activities:		
Cash Received from State & Federal Reimbursements	244,635	232,827
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	244,635	232,827
Cash Flows From Investing Activities:		
Interest & Dividends	182	88
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	182	88
Net Increase/(Decrease) in Cash & Cash Equivalents Cash & Cash Equivalents, July 1	32,119 (2,286)	11,966 (14,252)
	<hr/>	<hr/>
Cash & Cash Equivalents, June 30	\$29,833	(2,286)
	<hr/> <hr/>	<hr/> <hr/>

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

Operating Income/(Loss)	(\$251,127)	(259,345)
Adjustments to Reconcile Operating Income/ (Loss)/to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	5,332	5,900
Food Distribution Program	33,174	33,131
Change in Assets & Liabilities:		
(Increase)/Decrease in Receivables	128	54
(Increase)/Decrease in Inventories	899	(1,679)
Increase/(Decrease) in Accounts Payable	31	
Increase/(Decrease) in Deferred Revenues	(1,135)	990
	<hr/>	<hr/>
Total Adjustments	38,429	38,396
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(\$212,698)	(220,949)
	<hr/> <hr/>	<hr/> <hr/>



Internal Service Fund

Not Applicable

H. Fiduciary Fund

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

ASSETS	PRIVATE PURPOSE		2010	2009
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY STUDENT ACTIVITY PAYROLL		
Cash & Cash Equivalents	\$47,817	5,996	445,476	119,054
Interfund Receivable	5,852		2,754	5,852
Total Assets	53,669	5,996	448,230	124,906
LIABILITIES				
Payroll Deductions & Withholdings			442,378	77,191
Interfund Payable			5,852	5,852
Due to Student Groups		5,996		7,377
Total Liabilities		5,996	448,230	90,420
NET ASSETS				
Reserve for Unemployment Compensation	53,669		53,669	334,486
Total Net Assets	\$53,669		53,669	34,486

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

ADDITIONS:	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	2010	2009
Contributions:			
Employee Contributions	\$19,082	19,082	33,055
Board Contribution			60,000
Total Contributions	19,082	19,082	93,055
Investment Earnings:			
Interest	101	101	100
Net Investment Earnings	101	101	100
Total Additions	19,183	19,183	93,155
DEDUCTIONS:			
Unemployment Claims			75,382
Total Deductions			75,382
Change in Net Assets	19,183	19,183	17,773
Net Assets July 1	34,486	34,486	16,713
Net Assets June 30	\$53,669	53,669	34,486

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

	BALANCE JULY 1, 2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2010
Holbein School	\$7,377	12,890	14,271	5,996
Total Activity	\$7,377	12,890	14,271	5,996

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

ASSETS	BALANCE JULY 1, 2009	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2010
Cash & Cash Equivalents	\$83,043	12,829,259	12,466,826	445,476
Interfund Receivable		4,434	1,680	2,754
Total Assets	\$83,043	12,833,693	12,468,506	448,230
LIABILITIES				
Payroll Deductions & Withholdings	\$77,191	5,879,658	5,514,471	442,378
Net Payroll		6,954,035	6,954,035	
Interfund Payable	5,852			5,852
Total Liabilities	\$83,043	12,833,693	12,468,506	448,230

I. Long-Term Debt

Not Applicable

STATISTICAL SECTION (Unaudited)

MOUNT HOLLY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$11,508,184	11,954,070	12,104,860	11,757,110	11,851,589	12,185,859	11,962,845	11,788,097
Restricted:								
Special Revenue			(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	
Other Purposes	2,452,655	2,055,637	2,023,676	1,677,672	1,240,944	1,019,466	527,594	675,514
Unrestricted	(1,414,677)	(1,462,995)	(773,568)	(862,564)	(884,547)	(890,748)	(680,462)	(561,611)
Total Governmental Activities Net Assets	\$12,546,162	12,546,712	13,297,545	12,522,564	12,158,332	12,264,923	11,760,323	11,902,000
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$21,601	26,933	32,833	39,302	66,154	74,767		
Unrestricted	59,935	19,843	8,051	5,626	9,205	12,508	98,361	87,165
Total Business-Type Activities Net Assets	\$81,536	46,776	40,884	44,928	75,359	\$87,275	\$98,361	\$87,165
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$11,529,785	11,981,003	12,137,693	11,796,412	11,917,743	12,260,626	11,962,845	11,788,097
Restricted:								
Special Revenue			(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	
Other Purposes	2,452,655	2,055,637	2,023,676	1,677,672	1,240,944	1,019,466	527,594	675,514
Unrestricted	(1,354,742)	(1,443,152)	(765,517)	(856,938)	(875,342)	(878,240)	(582,101)	(474,446)
Total District Net Assets	\$12,627,698	12,593,488	13,338,429	12,567,492	12,233,691	12,352,198	11,858,684	11,989,165

**MOUNT HOLLY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental Activities:								
Instruction:								
Regular	\$5,793,118	6,152,373	6,090,746	5,801,886	5,797,016	7,028,181	7,411,351	7,188,706
Special Education	1,737,377	1,491,839	1,705,769	1,745,071	1,687,629	2,050,324	1,975,021	1,395,486
Other Instruction	482,674	496,843	475,831	467,955	376,583	499,365	476,235	472,555
Support Services & Undistributed Costs:								
Tuition	1,386,051	1,342,821	1,011,353	1,060,135	1,151,609	1,305,733	1,372,242	1,366,006
Student & Instruction Related Services	2,397,490	2,213,242	2,518,182	2,292,435	2,070,472	2,416,209	2,484,696	2,359,534
School Administrative Services	414,840	447,724	641,571	657,096	629,228	881,207	872,397	833,474
General Administrative Services	707,299	669,699	735,125	756,777	746,900	1,107,057	847,850	909,623
Plant Operations & Maintenance	504,243	269,809	1,463,702	1,551,581	1,601,598	1,898,467	1,857,765	1,533,359
Pupil Transportation	1,470,316	1,884,142	429,060	514,272	440,023	597,073	491,023	555,854
Unallocated Benefits	264,589	569,717	5,041,790	5,284,581	4,440,056			
Interest on Long-Term Debt	4,397,603	4,427,037				11,565	34,155	55,755
Unallocated Depreciation	137,586	181,556	155,428	5,570	17,554	16,975	26,264	26,263
Total Governmental Activities Expense	19,693,186	20,146,802	20,268,557	20,137,359	18,958,668	17,812,156	17,848,999	16,696,615
Business-Type Activities:								
Food Service	393,400	400,050	433,421	482,522	444,561	428,052	529,453	523,590
Total Business-Type Activities Expense	393,400	400,050	433,421	482,522	444,561	428,052	529,453	523,590
Total District Expenses	\$20,086,586	20,546,852	20,701,978	20,619,881	19,403,229	18,240,208	18,378,452	17,220,205
Program Revenues:								
Governmental Activities:								
Operating Grants & Contributions	\$3,087,639	2,358,956	4,550,216	4,726,570	3,775,086	3,583,229	3,684,408	5,015,212
Total Governmental Activities Program Revenues	3,087,639	2,358,956	4,550,216	4,726,570	3,775,086	3,583,229	3,684,408	5,015,212
Business-Type Activities:								
Charges for Services:								
Food Service	142,273	140,705	152,114	146,384	163,450	172,462	171,745	162,254
Operating Grants & Contributions	285,705	265,149	252,251	256,939	255,920	244,063	246,451	241,750
Total Business Type Activities Program Revenues	427,978	405,854	404,365	403,323	419,370	416,525	418,196	404,004
Total District Program Revenues	\$3,515,617	2,764,810	4,954,581	5,129,893	4,194,456	3,999,754	4,102,604	5,419,216

**MOUNT HOLLY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue:								
Governmental Activities	(\$16,605,547)	(17,787,846)	(15,718,341)	(15,410,789)	(15,183,582)	(14,228,927)	(14,164,591)	(11,681,403)
Business-Type Activities	34,578	5,804	(29,056)	(79,199)	(25,191)	(11,527)	(111,257)	(119,586)
Total District-Wide Net Expcn:	(\$16,570,969)	(17,782,042)	(15,747,397)	(15,489,988)	(15,208,773)	(14,240,454)	(14,275,848)	(11,800,989)
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Taxes:								
Property Taxes, Levied for								
General Purposes, Net	\$6,889,889	6,814,889	6,814,889	6,558,171	6,024,745	5,494,500	4,938,735	4,709,608
Taxes Levied for Debt Service						262,934	262,229	263,028
Unrestricted Grants &								
Contributions	9,808,226	10,034,918	9,074,503	8,635,850	8,604,212	8,816,566	8,492,351	6,355,496
Investment Earnings	4,924	83,683	17,089	132,678	80,084	31,035	4,129	19,059
Miscellaneous Income	357,576	115,065	610,877	496,322	380,650	128,492	447,579	136,400
Disposal of Fixed Assets	(455,618)	(11,542)						
Transfers			(24,036)	(48,000)	(12,700)		(122,109)	(116,476)
Total Governmental								
Activities	16,604,997	17,037,013	16,493,322	15,775,021	15,076,991	14,733,527	14,022,914	11,367,115
Business-Type Activities:								
Investment Earnings	182	88	976	768	575	366	151	203
Miscellaneous Income						75	193	318
Transfers			24,036	48,000	12,700		122,109	116,476
Total Business-Type								
Activities	182	88	25,012	48,768	13,275	441	122,453	116,997
Total District-Wide	\$16,605,179	17,037,101	16,518,334	15,823,789	15,090,266	14,733,968	14,145,367	11,484,112
Change in Net Assets:								
Governmental Activities	(\$550)	(750,833)	774,981	364,232	(106,591)	504,600	(141,677)	(314,288)
Business-Type Activities	34,760	5,892	(4,044)	(30,431)	(11,916)	(11,086)	11,196	(2,589)
Total District	\$34,210	(744,941)	770,937	333,801	(118,507)	493,514	(130,481)	(316,877)

MOUNT HOLLY SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:								
Reserved for:								
Encumbrances	\$7,590	132,645						184,944
Capital Reserve	1,175,939	921,016	715,971	548,883	525,088	506,553	494,700	490,570
Emergency Reserve	200,000	100,000	100,000					
Maintenance Reserve	250,000	150,000	150,000					
Excess Surplus	411,655	407,471	344,505	713,200	365,484	343,266	32,894	
Designated for								
Subsequent Year's								
Expenditures			56,696	50,105				
Excess Surplus - Designated								
for Subsequent Year's								
Expenditures	407,471	344,505	713,200	365,484	310,371			
Unreserved	(573,621)	(482,011)	(36,019)	(52,705)	4,888	86,339	86,242	247,127
Total General Fund	\$1,879,034	1,573,626	2,044,353	1,624,967	1,205,831	936,158	613,836	922,641
All Other Governmental Funds:								
Reserved								
Unreserved, Reported in:								
Special Revenue Fund			(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)
Total All Other Governmental			(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)
Funds	\$ -	-	(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)

MOUNT HOLLY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Local Tax Levy	\$6,889,889	6,814,889	6,814,889	6,558,171	6,024,745	5,757,434	5,200,964	4,972,636	4,622,325	4,499,992
Tuition Charges	\$222,341		62,987	49,097	48,893	106,233	75,208		1,953	11,791
Interest Earnings	\$4,924	83,683	17,089	23,794	80,084	31,035	4,129	6,151	9,585	16,765
Miscellaneous	135,235	115,065	547,890	556,109	331,757	22,259	372,371	168,308	168,573	189,186
State Sources	10,014,910	11,358,161	12,530,010	11,810,028	11,166,607	11,172,923	10,820,804	10,051,885	9,570,568	10,579,664
Federal Sources	2,880,955	1,035,713	1,094,709	1,552,392	1,212,691	1,226,871	1,355,955	1,299,823	998,551	886,349
Total Revenue	20,148,254	19,407,511	21,067,574	20,549,591	18,864,777	18,316,755	17,829,431	16,498,803	15,371,555	16,183,747
Expenditures:										
Instruction:										
Regular Instruction	5,793,118	6,152,373	6,106,360	5,763,482	5,509,278	5,190,831	5,222,652	5,335,424	5,040,442	4,802,452
Special Education Instruction	1,737,377	1,491,839	1,705,769	1,745,071	1,687,629	1,567,282	1,512,013	1,036,711	898,396	790,767
Other Special Instruction	482,674	496,843	475,831	467,955	376,583	381,718	351,230	363,162	331,725	305,678
Support Services & Undistributed Costs:										
Tuition	1,386,051	1,342,821	1,011,353	1,060,135	1,151,609	1,305,733	1,372,242	1,366,006	1,379,945	1,709,286
Student & Instruction Related Services	2,397,490	2,213,242	2,518,182	2,292,435	2,070,472	1,898,222	1,932,007	1,909,449	1,941,378	1,936,943
School Administrative Services	707,299	669,699	641,571	657,096	629,228	616,369	621,760	621,034	585,313	563,366
General Administrative Services	919,083	717,533	735,125	745,637	711,794	663,858	638,575	723,866	738,734	695,565
Plant Operations & Maintenance	1,470,316	1,884,142	1,932,930	1,419,890	1,499,193	1,406,054	1,501,435	1,262,851	1,207,061	1,174,096
Pupil Transportation	404,517	382,978	429,060	514,272	440,023	456,407	491,023	555,854	459,965	370,285
Unallocated Benefits	4,397,603	4,427,037	5,041,790	5,284,581	4,440,056	3,925,742	3,793,776	3,192,219	2,064,582	2,212,584
Capital Outlay	147,318	42,308	33,950	131,901	66,539	56,652	52,703	250,325	276,872	682,821
Debt Service:										
Principal						514,000	490,000	470,000	445,000	425,000
Interest & Other Charges						11,565	34,155	55,755	76,343	95,917
Total Expenditures	19,842,846	19,820,815	20,631,921	20,082,455	18,582,404	17,994,433	18,013,571	17,142,656	15,445,756	15,764,760
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	305,408	(413,304)	435,653	467,136	282,373	322,322	(184,140)	(643,853)	(74,201)	418,987
Other Financing Sources/(Uses):										
Capital Leases										304,924
Transfers In										(411,346)
Transfers Out			(24,036)	(48,000)	(12,700)		(122,109)	(116,476)	(73,971)	
Total Other Financing Sources/(Uses)			(24,036)	(48,000)	(12,700)		(122,109)	(116,476)	(73,971)	(106,422)
Net Change in Fund Balances	\$305,408	(413,304)	411,617	419,136	269,673	322,322	(306,249)	(760,329)	(148,172)	312,565
Debt Service as a Percentage of Noncapital Expenditures						2.93%	2.92%	3.11%	3.44%	3.45%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

98

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	CAPITAL RESERVE INTEREST	TUITION	TRANSPORTATION	PRIOR YEAR REFUNDS	OTHER REFUNDS	SALE OF ASSETS	RENTALS	MISCELLANEOUS	TOTAL
2010	\$22,274	4,924				41,311			293,991	362,500
2009	35,928	5,045	48,014						31,123	120,110
2008	130,480	17,089	62,987				400,000		17,410	627,966
2007	108,884	23,794	49,097		2,892	73,966	350,000	4,000	16,367	629,000
2006	61,549	18,535	48,893	5,811	8,045	4,467	299,500		13,934	460,734
2005	19,182	11,854	106,233	2,874		19,055			329	159,527
2004	5,271	4,129	78,179			30,974		56,975	276,180	451,708
2003	12,907	6,151			22,608	202		108,532	5,059	155,459
2002	29,297	9,585	1,953		29,723	5,339		103,364	850	180,111
2001	93,558		11,791		3,895			99,442	2,152	210,838

Source: District records

**MOUNT HOLLY SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED TAXABLE	a PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	b TOTAL DIRECT SCHOOL RATE	COUNTY EQUALIZED VALUE
2009	\$5,876,700	248,952,700	N/A	8,300	45,352,200	4,370,300	9,748,500	314,308,700	3,565,377	317,874,077	148,335,600	1.353	681,301,653
2008	6,044,900	247,721,300	142,700	14,200	45,706,700	4,485,300	11,250,700	315,365,800	3,156,029	318,521,829	149,398,300	1.338	709,679,409
87 2007	5,828,600	257,593,800	142,700	14,500	45,517,000	5,248,300	10,129,200	324,474,100	11,234,675	335,708,775	128,869,000	1.450	642,521,772
2006	6,168,700	248,390,800	142,700	14,200	44,018,800	4,847,700	11,395,400	314,978,300	3,649,818	318,628,118	149,642,000	1.336	351,516,000
2005	5,473,000	250,726,100	142,700	14,200	43,281,500	4,847,700	12,157,000	316,642,200	4,223,486	320,865,686	147,589,500	1.347	546,950,563
2004	5,096,400	252,580,800	142,700	14,200	44,469,300	4,847,700	12,151,900	319,303,000	5,138,701	324,441,701	144,268,300	1.379	471,409,535
2003	5,211,100	252,989,200	142,700	14,200	44,053,100	4,847,700	12,151,900	319,409,900	5,905,257	325,315,157	142,758,300	1.475	422,156,136
2002	5,091,100	252,961,000	142,700	14,200	45,097,500	4,847,700	12,429,800	320,584,000	6,745,323	327,329,323	142,283,200	1.513	384,596,131
2001	5,250,000	253,369,500	142,700	14,200	42,709,400	4,847,700	12,429,800	318,763,300	6,456,539	325,219,839	141,882,000	1.475	367,927,783
2000	5,343,000	253,947,200	142,700	14,200	43,064,600	5,047,600	12,429,700	319,989,000	6,175,142	326,164,142	136,658,600	1.379	368,246,474

Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when ordered by the County Board of Taxation

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b. Tax rates are per \$100
- c. Information not available.

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF MOUNT HOLLY	REGIONAL SCHOOL	FIRE DISTRICT	BURLINGTON COUNTY	
2009	2.127		2.127	1.155	0.774	0.173	0.830	5.059
2008	2.135		2.135	1.076	0.797	0.172	0.867	5.047
2007	2.077		2.077	1.002	0.772	0.172	0.849	4.872
2006	1.939		1.939	0.929	0.688	0.171	0.752	4.479
2005	1.672	0.081	1.753	0.848	0.635	0.169	0.664	4.069
2004	1.584	0.081	1.665	0.779	0.594	0.159	0.609	3.806
2003	1.433	0.080	1.513	0.800	0.493	0.148	0.598	3.552
2002	1.392	0.083	1.475	0.770	0.445	0.133	0.608	3.431
2001	1.294	0.085	1.379	0.770	0.404	0.133	0.611	3.297
2000	1.268	0.079	1.347	0.748	0.386	0.108	0.613	3.202

Source: Municipal Tax Collector

**MOUNT HOLLY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2010		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Levine Properties, LLC	\$6,029,800	1	1.92%
Mount Holly Associates	5,500,000	2	1.75%
Verizon Property Tax Department	4,697,587	3	1.49%
Virtua Memorial Hospital	3,344,600	4	1.06%
Mount Holly Equities	3,065,700	5	0.98%
Richard A. Alaimo	2,380,700	6	0.76%
Amcor Flexibles, Inc.	1,761,000	7	0.56%
Baird, LLC % Marvin F. Poer	1,430,400	8	0.46%
K&S 100, LLC	1,328,500	9	0.42%
Brainerd Street Commons	1,162,500	10	0.37%
Total	<u>\$30,700,787</u>		<u>9.77%</u>

TAXPAYER	2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
New Jersey Bell Telephone Company	\$8,108,742	1	2.49%
FMP/Mount Holly Associates	5,500,000	2	1.69%
Levine Properties, LP	5,234,500	3	1.61%
Richard A. Alaimo	2,380,700	4	0.73%
Mount Holly Equities, LLC	1,992,300	5	0.61%
Estaugh Corp/Medford Leas	1,862,200	6	0.57%
Rexam Medical Packaging	1,761,000	7	0.54%
EF&C/Harry Fry	1,535,300	8	0.47%
Washington House Assoc.	1,328,500	9	0.41%
Mt. Holly Christian Retirement	1,517,200	10	0.47%
Total	<u>\$31,220,442</u>		<u>9.60%</u>

Source: Municipal Tax Assessor

**MOUNT HOLLY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2010	\$6,889,889	6,889,889	100.00%	-
2009	6,814,889	6,814,889	100.00%	-
2008	6,814,889	6,814,889	100.00%	-
2007	6,291,458	6,291,458	100.00%	-
2006	5,688,534	5,688,534	100.00%	-
2005	5,415,836	5,415,836	100.00%	-
2004	4,954,058	4,954,058	100.00%	-
2003	4,799,426	4,799,426	100.00%	-
2002	4,494,949	4,494,949	100.00%	-
2001	4,434,645	4,434,645	100.00%	-

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

**MOUNT HOLLY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	<u>GOVERNMENTAL ACTIVITIES</u>		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME ^a	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	514,000	9,125	523,125	0.13%	49
2003	1,296,990	30,355	1,327,345	0.27%	99
2002	1,503,163	N/A	1,503,163	0.41%	148
2001	1,603,682	N/A	1,603,682	0.54%	195

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

a. Based on Per Capita Income for Burlington County

b. Based on School District Population as of July 1

**MOUNT HOLLY SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	514,000	-	514,000	0.16%	48
2003	1,004,000	-	1,004,000	0.31%	94
2002	1,474,000	-	1,474,000	0.45%	138
2001	1,919,000	-	1,919,000	0.59%	180

a. See Exhibit J-6 for property tax data.

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

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

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ^a	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Mount Holly	\$17,038,472	100.000%	\$17,038,472
Rancocas Valley Regional High School	21,823,000	13.908%	3,035,143
Burlington County General Obligation Debt	395,252,496	1.299%	5,134,330
Subtotal, Overlapping Debt Mount Holly School District			25,207,945
Total Direct & Overlapping Debt			<u>\$25,207,945</u>

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

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.

**MOUNT HOLLY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION ^a	PERSONAL INCOME ^b	PER CAPITA PERSONAL INCOME ^c	UNEMPLOYMENT RATE ^d
2009	10,230	N/A	N/A	13.3%
2008	10,245	477,048,180	46,564	7.9%
2007	10,335	455,535,795	44,077	5.8%
2006	10,602	449,206,740	42,370	6.4%
2005	10,632	430,808,640	40,090	5.9%
2004	10,704	414,062,832	38,890	6.9%
2003	10,726	396,829,822	37,129	7.5%
2002	10,717	389,327,176	36,425	7.5%
2001	10,674	384,509,502	36,069	5.2%
2000	10,716	375,531,504	35,060	4.7%

Source:

^a Population information provided by the NJ Department of Labor & Workforce Development^b Personal income calculated using population and per capita personal income^c Per Capita personal income provided by the NJ Dept of Labor and Workforce Development^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

No employers are currently located within the municipality that have in excess of 100 full time employees.

**MOUNT HOLLY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEAR**

Function/Program	2010	2009	2008	2007	2006	2005	2004
Instruction:							
Regular	76	92	91	95	92	92	89
Special Education	22	19	21	23	23	23	20
Other Special Education	14	11	26	30	30	30	30
Other Instruction	7	8	15	11	11	11	11
Support Services:							
Student & Instruction Related Services	8	5	7	5	5	5	5
School Administrative Services	11	11	11	11	11	11	11
General & Business Administrative Services	6	6	6	6	6	6	6
Plant Operations & Maintenance	14	15	17	17	17	17	17
Total	158	167	194	198	195	195	189

Source: District Personnel Records

**MOUNT HOLLY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

96

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES ^a	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF ^b	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) ^c	AVERAGE DAILY ATTENDANCE (ADA) ^c	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2010	998	\$19,695,528	19,735	1.65%	98	1-12.1	1-7.6	1,009	949	1.93%	94.05%
2009	1,019	19,778,507	19,410	-1.85%	114	1-9.0	1-7.8	990	937	-0.51%	94.62%
2008	1,042	20,597,971	19,768	5.62%	108	1-9.6	1-8.9	995	934	-3.49%	93.87%
2007	1,073	20,082,455	18,716	9.47%	116	1-9.5	1-8.3	1,031	965	-7.37%	93.63%
2006	1,083	18,515,865	17,097	10.17%	114	1-11	1-11	1,113	988	-1.59%	88.77%
2005	1,122	17,412,216	15,519	-1.39%	112	1-11.2	1-11.2	1,131	1,053	2.63%	93.10%
2004	1,108	17,436,713	15,737	11.15%	117	1-9	1-9	1,102	1,024	-1.08%	92.92%
2003	1,156	16,366,576	14,158	15.12%	115	1-9.5	1-9.5	1,114	998	-6.39%	89.59%
2002	1,191	14,647,541	12,299	-3.21%	110	1-11.2	1-11.2	1,190	1,121	3.93%	94.20%
2001	1,146	14,561,022	12,706	7.60%	111	1-10.2	1-10.2	1,145	1,076	-9.56%	93.97%

Sources: District records

Note: Enrollment based on annual October District count.

- a. Operating expenditures equal total expenditures 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).

**MOUNT HOLLY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary Schools:										
Brainerd Elementary:										
Square Feet	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	379	296	292	297	312	309	309	319	319	312
Follwell Elementary (1950):										
Square Feet	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	308	290	285	291	287	316	330	322	334	290
Holbein Elementary (1964):										
Square Feet	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673
Capacity (Students)	650	650	650	650	650	650	650	650	650	650
Enrollment	310	433	425	446	484	497	469	515	538	542
Other:										
Central Administration:										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

Number of Schools at June 30, 2010:
 Elementary = 2
 Middle School = 1
 Senior High School = 0
 Other = 0

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.

**MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

* SCHOOL FACILITES	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
John Brainerd School	\$20,210	26,077	14,784	28,343	19,538	14,971	21,616	13,642	26,080	31,666	170,640
Gertrude Folwell School	27,219	19,901	39,030	32,542	49,495	39,428	40,816	78,042	67,063	83,688	430,104
Anna Heller School			28,504	11,547	24,748	19,729	21,553	4,591	35,395	61,070	207,137
F.W. Holbein Schools	55,760	59,507	22,139	32,541	36,469	28,452	33,342	32,940	57,749	47,760	291,392
Total School Facilities	\$103,189	105,485	104,457	104,973	130,250	102,580	117,327	129,215	186,287	224,184	1,099,273

* 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

**MOUNT HOLLY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010**

	COVERAGE	DEDUCTIBLE
Commercial Package Policy (1):		
Building & Contents (All Locations):		
Limits of Liability per Occurrence	\$150,000,000	500
Comprehensive General Liability	10,000,000	
Comprehensive Automobile Liability	10,000,000	
Boiler & Machinery Liability	100,000,000	1,000
Crime Coverage - Employee Dishonesty	500,000	500
 Educator's Legal Liability (1)	 10,000,000	
 Pollution Legal Liability (1)	 3,000,000	 25,000
 Workers' Compensation (1)	 Statutory	
 Supplemental Workers' Compensation (1)	 Statutory	
 Student Accident (2)	 1,000,000	
 Surety Bonds:		
Treasurer (3)	250,000	
Board Secretary (4)	100,000	

(1) Burlington County Insurance Pool Joint Insurance Fund

(2) Standard Security Life Ins. Co.

(3) Selective Insurance Company.

(4) Ohio Casualty Insurance Company.

Source: District records.

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Mount Holly School District
County of Burlington
Mount Holly, New Jersey 08060

We have audited the financial statements of the Mount Holly School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mount Holly 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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 the 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

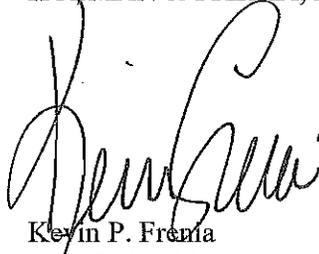
As part of obtaining reasonable assurance about whether the Mount Holly School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia". The signature is fluid and cursive, with a large initial "K" and "F".

Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 22, 2010



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members of the Board of Education Mount Holly School District County of Burlington Mount Holly, New Jersey 08060

Compliance

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

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

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

Internal Control Over Compliance

The management of the Board of Education of the Mount Holly 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 Mount Holly School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mount Holly School District's internal control over compliance.

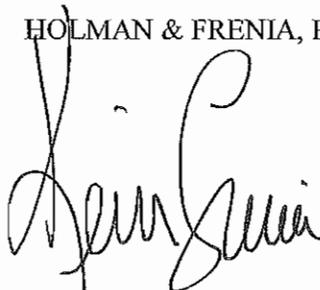
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 22, 2010

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

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2009	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2010 (ACCOUNTS DEFERRED RECEIVABLE) REVENUE/ DUE TO GRANTOR		
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
Food Distribution Program	10.550	N/A	\$33,174	9/1/09-6/30/10			33,174	(33,174)				
National School Lunch Program	10.555	N/A	203,613	9/1/09-6/30/10			185,982	(203,613)			(17,631)	
National School Lunch Program	10.555	N/A	182,519	9/1/08-6/30/09	(\$10,156)		10,156					
National Breakfast Program	10.553	N/A	37,060	9/1/09-6/30/10			33,764	(37,060)			(3,296)	
National Breakfast Program	10.553	N/A	37,719	9/1/08-6/30/09	(3,175)		3,175					
Total U.S. Department of Agriculture					(13,331)		266,251	(273,847)			(20,927)	
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
Special Revenue Fund:												
Title I - Current Year	84.010	NCLB471008	444,148	9/1/09-8/31/10			259,698	(370,109)			(110,411)	
Title I - Prior Year	84.010	NCLB471008	479,070	9/1/08-8/31/09	(228,963)		248,285	(19,322)				
Title I SIA- Prior Year	84.010	NCLB471008	25,866	9/1/07-8/31/08		1,800		(1,800)				
Title I SIA- Prior Year	84.010	NCLB471008	110,538	9/1/08-8/31/09	(71,293)		104,036	(34,743)			(2,000)	
Title I SIA- Current Year	84.010	NCLB471008	17,346	9/1/09-8/31/10				(17,347)			(17,347)	
Title I SIG - Prior Year	84.010	NCLB471008	100,000	9/1/08-8/31/09	(51,430)		83,675	(33,398)			(1,153)	
Title II - A - Current Year	84.367A	NCLB471007	131,713	9/1/09-8/31/10		(21)	105,783	(125,950)			(20,188)	
Title II - A - Prior Year	84.367A	NCLB471008	119,499	9/1/08-8/31/09	(39,435)		21	39,414				
Title II - D - Current Year	84.318X	NCLB471008	4,480	9/1/09-8/31/10		(29)	2,378	(4,338)			(1,989)	
Title II - D - Prior Year	84.318X	NCLB471008	4,855	9/1/08-8/31/09	(4,855)		29	4,826				
Title III - Prior Year	84.365A	NCLB471008	9,668	9/1/07-8/31/08	9,668			(8,453)			1,215	
Title III - Current Year	84.365A	NCLB471008	8,868	9/1/09-8/31/10			8,868	(8,868)				
Title IV - Prior Year	84.186	NCLB471007	4,822	9/1/06-8/31/07	2,247				(2,247)			
Title IV - Prior Year	84.186	NCLB471008	5,280	9/1/08-8/31/09	(4,720)		4,720					
Title IV - Current Year	84.186	NCLB471008	6,929	9/1/09-8/31/10			3,014	(6,929)			(3,915)	
ARRA Title I	84.389	NCLB471008	170,631	9/1/09-8/31/11			52,623	(77,812)			(25,189)	
ARRA Title I SIA	84.389	NCLB471008	8,942	9/1/09-8/31/11			4,875	(8,942)			(4,067)	
I.D.E.A. Part B, Basic Current	84.027	FT-3430-07	378,488	9/1/09-8/31/10		(23,763)	223,608	(302,671)			(102,826)	
I.D.E.A. Part B, Prior	84.027	FT-3430-08	374,300	9/1/08-8/31/09	(263,121)		23,763	247,114			(7,756)	
I.D.E.A. B - Preschool - Current	84.173	PS-3430-08	11,067	9/1/09-8/31/10			141	(1,518)			(1,377)	
I.D.E.A. B - Preschool - Prior Year	84.173	PS-3430-08	10,310	9/1/08-8/31/09	(9,451)		10,310	(859)				
ARRA I.D.E.A. Part B, Regular	84.391	FT-3430-08	315,445	9/1/09-8/31/11			80,685	(128,599)			(47,914)	
ARRA I.D.E.A. Part B, Preschool	84.392	PS-3430-08	11,363	9/1/09-8/31/11			7,374	(10,310)			(2,936)	
Comprehensive School Reform	84.332A	07-100-034-5060-088-H060	182,000	1/01/07-9/30/07	5,561							5,561
General Fund:												
ARRA - Education Stabilization Fund	84.394		1,346,120	7/01/09-6/30/10			1,346,120	(1,346,120)				
ARRA - Government Services Fund	84.397		52,110	7/01/08-6/30/09			52,110	(52,110)				
Medical Assistance Program	93.778	N/A	58,088	7/01/09-6/30/10			28,569	(58,088)			(29,519)	
Medical Assistance Program	93.778	N/A	67,596	7/01/08-6/30/09	(33,719)		33,719					
Total U.S. Department of Education					(687,711)		2,951,945	(2,626,042)	(2,247)	(370,831)	1,215	5,561
Total Federal Financial Assistance					(\$701,042)		3,218,196	(2,899,889)	(2,247)	(391,758)	1,215	5,561

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

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2009		REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2010			MEMO			
				CASH RECEIVED	BUDGETARY EXPENDITURES		(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
State Department of Education:													
General Fund:													
Equalization Aid	10-495-034-5120-078	\$6,307,806	7/1/09-6/30/10		6,307,806	(6,307,806)				685,041	6,307,806		
Adjustment Aid	10-495-034-5120-085	1,223,726	7/1/09-6/30/10		1,223,726	(1,223,726)				167,362	1,223,726		
Categorical Transportation Aid	10-495-034-5120-014	78,638	7/1/09-6/30/10		78,638	(78,638)				10,755	78,638		
Categorical Security Aid	10-495-034-5120-084	237,355	7/1/09-6/30/10		237,355	(237,355)				21,865	237,355		
Categorical Special Education Aid	10-495-034-5120-089	505,221	7/1/09-6/30/10		505,221	(505,221)				44,912	505,221		
Reimbursement of Nonpublic Transportation	10-103190	3,383	7/1/09-6/30/10			(3,383)		(3,383)			3,383		
Reimbursement of Nonpublic Transportation	09-103190	4,872	7/1/08-6/30/09	(\$4,872)	4,872								
Extraordinary Aid	10-100-034-5120-473	40,827	7/1/09-6/30/10			(40,827)		(40,827)			40,827		
Extraordinary Aid	09-100-034-5120-473	93,954	7/1/08-6/30/09	(93,954)	93,954								
Teachers Pension & Annuity	10-495-034-5095-006	486,722	7/1/09-6/30/10		486,722	(486,722)					486,722		
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	10-495-034-5095-002	629,490	7/1/09-6/30/10		598,813	(629,490)		(30,677)			629,490		
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	09-495-034-5095-002	612,167	7/1/08-6/30/09	(30,507)	30,507								
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbook Aid	10-100-034-5120-064	17,903	7/1/09-6/30/10		17,903	(17,893)			10		17,893		
Nursing Aid	10-100-034-5120-070	21,230	7/1/09-6/30/10		21,230	(21,230)					21,230		
Auxiliary Services:													
Compensatory Education	09-100-034-5120-067	51,757	7/1/08-6/30/09	19,211			(19,211)						
Compensatory Education	10-100-034-5120-067	48,945	7/1/09-6/30/10		48,945	(28,692)			20,253		28,692		
Transportation	10-100-034-5120-067	1,778	7/1/09-6/30/10		1,778	(1,545)			233		1,545		
Transportation	09-100-034-5120-067	2,600	7/1/08-6/30/09	196			(196)						
Handicapped Services:													
Examination & Classification	10-100-034-5120-066	17,184	7/1/09-6/30/10		17,184	(14,626)			2,558		14,626		
Examination & Classification	09-100-034-5120-066	24,833	7/1/08-6/30/09	7,957			(7,957)						
Corrective Speech	10-100-034-5120-066	26,005	7/1/09-6/30/10		26,005	(16,320)			9,685		16,320		
Corrective Speech	09-100-034-5120-066	23,250	7/1/08-6/30/09	837			(837)						
Supplemental Instruction	10-100-034-5120-066	10,354	7/1/09-6/30/10		10,354	(8,601)			1,753		8,601		
Supplemental Instruction	09-100-034-5120-066	13,216	7/1/08-6/30/09	2,065			(2,065)						
Early Childhood Program Aid	07-100-034-5120-025	583,288	7/1/06-6/30/07	997,213		(372,093)		625,120			372,093		
IDEAL - Prior Year	08-100-034-5120-066	85,895	7/1/07-6/30/08	(2,164)	2,164								
IDEAL - Prior Year	09-100-034-5120-066	60,558	7/1/08-6/30/09	(5,626)	5,626								
IDEAL - Current Year	10-100-034-5120-066	60,000	7/1/09-6/30/10		52,250	(60,000)		(7,750)			60,000		
Enterprise Fund:													
State School Breakfast Program	10-100-010-3360-067	2,595	7/1/09-6/30/10		2,370	(2,595)		(225)			2,595		
State School Breakfast Program	09-100-010-3360-067	2,875	7/1/08-6/30/09	(236)	236								
State School Lunch Program	10-100-010-3360-067	9,263	7/1/09-6/30/10		8,461	(9,263)		(802)			9,263		
State School Lunch Program	09-100-010-3360-067	8,906	7/1/08-6/30/09	(491)	491								
Total State Financial Assistance					\$889,629	9,782,611	(10,066,026)	(30,266)	(83,664)	625,120	34,492	929,935	10,066,026

501

**MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal awards and state financial assistance programs of the Board of Education, Mount Holly Board of Education. The Board of Education is defined in Note 1 to the District's basic financial statements. All Federal and State awards received directly from Federal and State agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(45,048) for the general fund and \$260,703 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

**MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

3. Relationship to Basic Financial Statements (continued):

	State	Federal	Total
General Fund	\$9,468,120	\$1,456,318	\$10,924,438
Special Revenue Fund	546,790	1,424,637	1,971,427
Food Service Fund	<u>11,858</u>	<u>273,847</u>	<u>285,705</u>
Total Financial Assistance	<u>\$10,026,768</u>	<u>\$3,154,802</u>	<u>\$13,181,570</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

Note 6. Federal and State Loans Outstanding

The Mount Holly Board of Education had no loan balances outstanding at June 30, 2010.

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I – N.C.L.B.
84.027	I.D.E.A., Part B
84.391	ARRA - I.D.E.A.,Part B
84.394	ARRA – Education Stabilization Fund

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

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

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

State Awards

Internal Control over major programs:

1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04?	No

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-078	Equalization Aid
10-495-034-5120-085	Adjustment Aid
10-495-034-5120-089	Categorical Special Education Aid
10-495-034-5095-002	Reimbursed Social Security Contributions
Dollar threshold used to distinguish between type A and type B programs:	\$301,981
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

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

No Current Year Findings

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

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

No Current Year Findings

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

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

Finding 2008-01:

Condition:

The computer generated general fund Board Secretary's report is inaccurately classifying expenditures by budgetary line-items.

Current Status:

This condition has been corrected

Finding 2008-02:

Condition:

The District's general fund bank account is not being properly reconciled on a monthly basis.

Current Status:

This condition has been corrected

FEDERAL AWARDS

Finding 2009-01:

During the State audit of NCLB Title I for Fiscal Year 2006-2007, it was noted that a comparative analysis of the amount expended for each Title I funded school to corresponding school-based allocations reflected on the District's NCLB Consolidated Application disclosed significant variances.

Current Status:

This condition has been corrected