

Comprehensive Annual Financial Report

Township of New Hanover
School District
Wrightstown, New Jersey

For the Fiscal Year Ended June 30, 2010

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
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INTRODUCTORY SECTION

NEW HANOVER TOWNSHIP BOARD OF EDUCATION
122 FORT DIX STREET
WRIGHTSTOWN NJ 08562
PHONE (609) 723-2118
FAX (609) 723-6694

Brian McBride
Superintendent/Principal
(609) 723-2139

Kathleen Mandeville
Bus.Admin/Bd.Sec.
(609) 723-2118

March 14, 2011

Honorable President and Members
of the Board of Education
New Hanover Township
County of Burlington
Wrightstown, NJ 08562

Dear Board Members:

The comprehensive annual financial report of the New Hanover Township School District for the fiscal year ended June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, with the exception of the auditor's qualification regarding the expenditures charged to the 2009-10 budget, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

Reporting Entity and It's Services

New Hanover Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The New Hanover Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade level Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters.

For the 2009-10 school-year on October 15, 2009, the District had an enrollment of 163 students.

<u>Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
10-15-09	163	0.6%
10-15-08	162	5.2%
10-15-07	154	-6.1%
10-15-06	164	11.5%
10-15-05	147	-2.0%
10-15-04	150	-9.6%
10-15-03	165	-1.2%
10-15-02	163	-3.5%
10-15-01	169	+8%
10-15-00	254	+4.53%
10-15-99	243	+8.97%

Economic Conditions and Outlook

The Cookstown/Wrightstown area is experiencing a period of stabilization. The revitalization the Wrightstown area should result in future development.

Major Initiatives

Students continue to score above the national average on the standardized tests. Emphasis has been placed on the use of technology to support instruction. Federal funds have been used to develop a comprehensive training program for the entire teaching staff. Internet access has been provided and can be accessed through the computers in our lab. Our Basic Skills Program now includes "Study Island," a computerized skill development program for at-risk first through eighth graders.

The New Hanover Township School District is a Pre-K through 8 grade school district. High school students are sent, on a tuition basis, to Bordentown Regional High School and Burlington County Institute of Technology.

Internal Accounting Controls

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

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

Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are re-appropriated as fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance June 30, 2010.

Accounting System and Reports

The District's accounting records reflect accounting principles generally accepted in the United State of America, as promulgated by the Governmental Accounting Standards Boards (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements." Note 1.

Cash Management

The investment policy of the District is guided in large by state statue as detailed in "Notes to 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 provision 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.

Independent Audit

State statutes require an annual audit by independent certified public accountants or public school accountants. The accounting firm of Bowman and Company, LLP was selected by the Board. In addition to meeting the requirement set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and the State Treasury Circular Letter 04-04 and Revisions OMB. The auditor's report on the basic financial statements and combining the individual fund statements and schedules included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Office of Fiscal Accountability - Investigation

On November 30, 2010, the New Jersey Department of Education Office of Fiscal Accountability and Compliance (OFAC) provided the New Hanover Township Board of Education with a formal report of investigation, *New Hanover Township School District – Business Administrator Performance Failure* OFAC Case #INV-050-10. The detailed report reviewed the business practices of the district for fiscal year 2010 (July 1, 2009 through June 30, 2010).

The investigation disclosed the following actions by the BA/BS:

- Failure to enter complete information into financial reports that were presented to the New Hanover Board of Education (board) for its decision making process;
- Certification of reports knowing the information contained within was incomplete and/or inaccurate;
- Failure to include all the required expenditures on the bill lists presented to the board for approval;
- Removal of numerous original documents from the district's offices;
- Failure to institute the requisite internal controls for the district's business office;
- Failure to complete year-end reports;
- Failure to prepare board meeting minutes for presentation to the board for approval;
- Failure to provide the treasurer with requisite information; and
- Improperly using the treasurer's stamp on reports presented to the board.

Additionally, the board certified the sufficiency of funds based upon inaccurate reporting by the BA/BS.

The report also detailed additional allegations concerning payments assigned to an inaccurate fiscal year, late payment of bills, inappropriate signatures for purchases, the use of signature stamps for purchases, and the accuracy of payroll deductions. However, a determination into these issues, as the OFAC report indicates, cannot be made until the district's financial records are assembled, transactions are properly recorded, and a complete independent audit is conducted.

The district hired the accounting firm, Holman & Frenia, P.C., to recreate and enter transactions for the 2009-2010 school year and to provide a determination with respect to additional discrepancies in financial records.

On December 16, 2010, at the regularly scheduled meeting of the New Hanover Township Board of Education, the required Corrective Action Plan (CAP) was approved and subsequently submitted to the New Jersey Department of Education Office of Fiscal Accountability and Compliance.

Acknowledgments

We would like to express our appreciation to the members of the New Hanover Township 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.

Respectfully submitted,



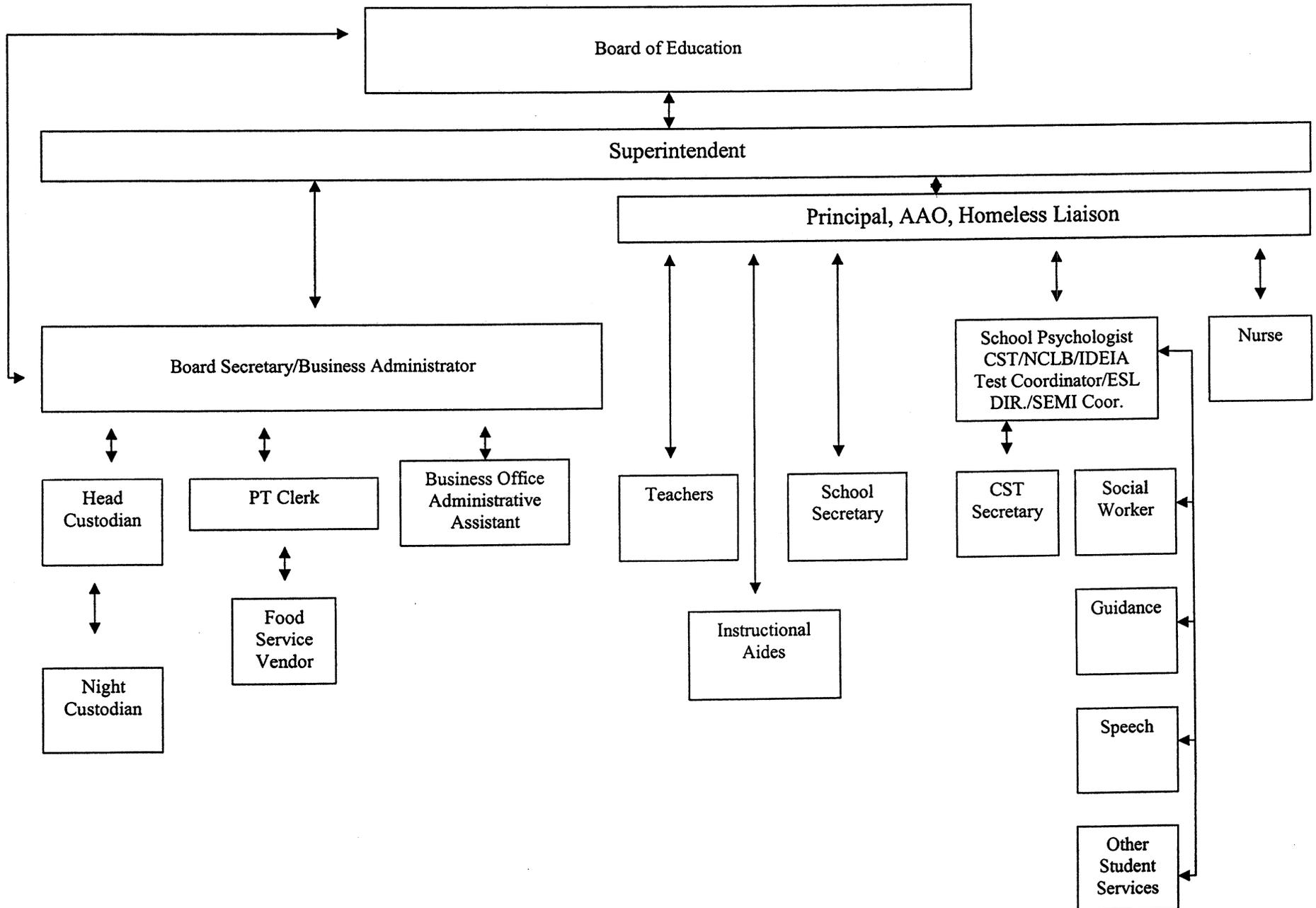
Brian McBride
Superintendent/Principal



Kathleen Mandeville
Business Administrator

NEW HANOVER TOWNSHIP SCHOOL DISTRICT

Organizational Chart



**NEW HANOVER TOWNSHIP SCHOOL
122 FORT DIX STREET
WRIGHTSTOWN, NJ 08562
PHONE (609) 723-2118
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Robert E. Smith
Interim Superintendent
(609) 723-2139

Deborah Paone
Bus. Admin/Bd. Sec.
(609) 723-2118

**ROSTER OF OFFICIALS
JUNE 30, 2010**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Richard Slater	2013
Christopher Sirak	2013
Charles Roohr	2011
Jamie Clugsten	2012
Rose Marie Winrow	2011
Carli Haas	2012
Christine Smith	2013

OTHER OFFICIALS

Robert Smith, Superintendent

Brian McBride, Principal

Deborah Paone, Business Administrator/Board Secretary

Treasurer – Ronald Ghrist

Denis Germano, Solicitor

NEW HANOVER TOWNSHIP SCHOOL
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CONSULTANTS AND ADVISORS

AHERA SERVICES

Coastal Environmental Compliance
Hammonton, NJ

ARCHITECT

Regan Young
Mt. Holly, NJ

AUDITOR

Bowman & Company LLP
Voorhees, NJ

DEPOSITORY

TD Bank
Mt. Holly
Beneficial Bank
Philadelphia, PA

ENGINEER

Richard Alaimo
Mt. Holly, New Jersey

INSURANCE AGENCY

Grinspec
New Providence, NJ
Centric Insurance
New Providence, NJ

SOLICITOR

Hulse and Germano
Burlington, New Jersey

SPECIAL COUNSEL

Ronald J. Ianoale
Newark, NJ

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of New Hanover School District
County of Burlington
122 Fort Dix Street
Wrightstown, New Jersey 08562

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

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

The expenditures reported in the general fund and governmental activities include material misclassifications relating to proper program, function, object and year. The District determined that it would be impractical to properly reclassify the transactions. The amount by which this departure affects the expenses and liabilities of the general fund and governmental activities is not reasonably determinable.

In our opinion, except for the effects of the mischarges as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the governmental activities of the Township of New Hanover School District in the County of Burlington, State of New Jersey as of June 30, 2010, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2011 on our consideration of the Township of New Hanover School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

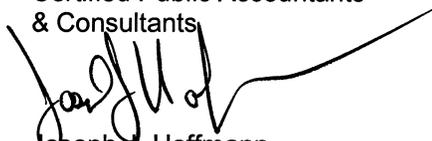
The accompanying management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
 Certified Public Accountants
 & Consultants



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

Voorhees, New Jersey
 March 14, 2011

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

The Honorable President and
Members of the Board of Education
Township of New Hanover School District
County of Burlington
122 Fort Dix Street
Wrightstown, New Jersey 08562

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Township of New Hanover School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated March 14, 2011. The report indicates that we issued a qualified opinion of the expenditures reported in the general fund and governmental activities due to material misclassifications. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings—Financial, Compliance and Performance, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the school district's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings—Financial, Compliance and Performance to be material weaknesses: 2010-01, 2010-02, 2010-04, 2010-09 and 2010-10.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings—Financial, Compliance and Performance to be a significant deficiency: 2010-03.

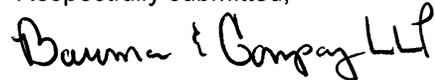
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of New Hanover 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 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 which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings-- Financial, Compliance and Performance as findings no.: 2010-01, 2010-02, 2010-03, 2010-05, 2010-06, 2010-07 and 2010-08.

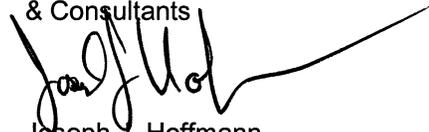
The Township of New Hanover School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
March 14, 2011

REQUIRED SUPPLEMENTARY INFORMATION
PART I

NEW HANOVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

As management of the Township of New Hanover School District, we offer readers of the Township of New Hanover School District's financial statements this narrative overview and analysis of the financial activities of the Township of New Hanover School District for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Township of New Hanover School District's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Township of New Hanover School District's financial performance.

Financial Highlights

- The assets of the Township of New Hanover School District exceeded its liabilities at the close of the most recent fiscal year by \$8,541,780.42 (net assets).
- The Township of New Hanover School District's total net assets decreased by \$661,980.16.
- As of the close of the current fiscal year, the Township of New Hanover School District's governmental funds reported combined ending fund balances of \$5,372,150.43, a decrease of \$999,770.77 in comparison with the prior year. Most of the decrease was attributable to the utilization of fund balance in the 2009-2010 Budget.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$274,557.04.
- The Township of New Hanover School District had no debt at fiscal year end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of New Hanover School District's basic financial statements. The Township of New Hanover School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

District-wide financial statements The district-wide financial statements are designed to provide readers with a broad overview of the Township of New Hanover School District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township of New Hanover School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township of New Hanover School District is improving or deteriorating.

The statement of activities presents information showing how the Township of New Hanover School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave).

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

District-wide financial statements (cont'd). Both of the district-wide financial statements distinguish functions of the Township of New Hanover School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township of New Hanover School District include the education of students in grades Pre-K through 8. The business-type activities of the Township of New Hanover School District include a food service program.

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

Governmental Funds Most of the Township of New Hanover 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 periods. These funds are reported using an accounting method called modified accrual basis of 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 Township of New Hanover School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The Township of New Hanover School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund.

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.

Also, the Township of New Hanover School District adopts an annual budget for its general fund, special revenue fund, and debt service fund. Budgetary comparison schedules have been provided for both to demonstrate compliance with the budgets.

Proprietary Funds The Township of New Hanover School District maintains one type of a proprietary fund. Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services, are used to report the same functions presented as business-type activities in the district-wide financial statements. The Township of New Hanover School District uses an enterprise fund to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service program.

Notes to the Financial Statement The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township of New Hanover School District, assets exceeded liabilities by \$8,541,780.42 at the close of the most recent fiscal year.

One of the largest portions of the Township of New Hanover School District's net assets (38 percent) reflects its investment in capital assets (i.e., land, buildings, equipment, construction in progress), less any related debt used to acquire those assets that are still outstanding. The Township of New Hanover School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Township of New Hanover School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT'S NET ASSETS						
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and Other Assets	\$ 7,191,938	\$ 5,728,092	\$ 15,448	\$ 15,562	\$ 7,207,386	\$ 5,743,654
Capital Assets	2,921,484	3,211,022	16,367	13,783	2,937,850	3,224,805
Total Assets	10,113,421	8,939,113	31,815	29,346	10,145,236	8,968,459
Long-term Liabilities Outstanding	90,183	28,537			90,183	28,537
Other Liabilities	820,017	368,859	31,276	29,282	851,293	398,142
Total Liabilities	910,199	397,396	31,276	29,282	941,476	426,679
Net Assets:						
Invested in Capital Assets, Net of Related Debt	2,921,484	3,211,022	16,367	13,783	2,937,850	3,224,805
Restricted	1,397,249	2,516,844			1,397,249	2,516,844
Unrestricted	4,884,490	2,813,852	(15,828)	(13,720)	4,868,662	2,800,132
Total Net Assets	\$ 9,203,222	\$ 8,541,717	\$ 539	\$ 63	\$ 9,203,761	\$ 8,541,780

A significant portion of the Township of New Hanover School District's net assets (55 percent) represents resources that have been accumulated from Federal Impact Aid.

There was a decrease of \$475.16 in overall net assets for the Township of New Hanover School District's business-type activities.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Governmental Activities Governmental activities decreased the Township of New Hanover School District's net assets by \$661,505.0, thereby accounting for 99 percent of the total decrease in net assets of the Township of New Hanover School District. Key elements of this increase are as follows:

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT'S CHANGES IN NET ASSETS						
	Governmental Activities <u>2009</u>	Governmental Activities <u>2010</u>	Business Type Activities <u>2009</u>	Business Type Activities <u>2010</u>	Total <u>2009</u>	Total <u>2010</u>
Revenues:						
Program Revenues:						
Charges for Services			\$ 38,937	\$ 30,782	\$ 38,937	\$ 30,782
Operating Grants and Contributions	\$ 489,421	\$ 468,811	50,651	51,729	540,072	520,540
General Revenues:						
Property Taxes	1,542,274	1,542,274			1,542,274	1,542,274
Grants and Contributions not Restricted to Specific Programs	2,463,271	2,576,499			2,463,271	2,576,499
Other	118,721	39,923	40	10	118,761	39,933
Total Revenues	4,613,687	4,627,507	89,628	82,521	4,703,315	4,710,028
Expenses:						
Instruction	3,534,167	2,054,313			3,534,167	2,054,313
Support Services	1,734,316	3,226,399			1,734,316	3,226,399
Food Services			124,242	91,296	124,242	91,296
Total Expenses	5,268,484	5,280,712	124,242	91,296	5,392,726	5,372,008
Increase in Net Assets before Transfers	(654,796)	(653,205)	(34,614)	(8,775)	(689,410)	(661,980)
Transfers	(7,000)	(8,300)	7,000	8,300	-	-
Increase in Net Assets	(661,796)	(661,505)	(27,614)	(475)	(689,410)	(661,980)
Net Assets, July 1	9,865,018	9,203,222	28,153	411	9,893,171	9,203,761
Net Assets, June 30	\$ 9,203,222	\$ 8,541,717	\$ 539	\$ (64)	\$ 9,203,761	\$ 8,541,780

- *Property taxes* remained the same during the year.
- *Other* revenues decreased by \$78,828.00 (66 percent). Most of the decrease was attributable to a decrease in interest earnings.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Business-Type Activities Business-type activities decreased the Township of New Hanover School District's net assets by \$475.16.

Financial Analysis of the Government's Funds

As stated earlier, the Township of New Hanover School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Township of New Hanover School District's governmental funds reported combining ending fund balances of \$5,372,150.43, a decrease of \$999,770.77 in comparison with the prior year.

The general fund is the main operating fund of the Township of New Hanover School District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$250,000.00, while total fund balance was \$3,289,799.92.

During the current fiscal year the Fund Balance of the Township of New Hanover School District's General Fund decreased by \$3,080,970.12. The key factors for this decrease are the utilization of \$844,867.00 of fund balance in the 2009-10 Budget and the utilization of \$2,462,712.00 of Impact Aid in the Capital Projects Fund.

The Capital Projects Fund, fund balance was \$2,082,126.89 at year-end.

Proprietary Funds The Township of New Hanover School District's proprietary funds provide the same type of information found in the district-wide financial statements, but in more detail.

Unrestricted net assets were \$63.47 at year end.

General Fund Budgetary Highlights

During the course of the 2010 fiscal year, the Township of New Hanover School District did not modify its general fund budget. The net change in the total budget modification resulted from the rollover of the prior year's encumbrances.

The final budgetary basis revenue estimate was \$4,380,943.00. The original budgeted estimate was \$4,380,943.00.

During fiscal year 2010, the Township of New Hanover School District budgeted \$1,542,274.00 and \$2,205,495.00 for property taxes (local tax levy) and state aid revenues, respectively. Federal aid budgeted was \$607,724.00. The Township of New Hanover School District also received \$111,768.80 and \$93,850.00 in reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension Contributions, respectively.

The final budgetary basis expenditure appropriation estimate was \$5,245,843.15. The originate estimate was \$5,225,810.00.

The Township of New Hanover School District's expenditures also include the reimbursed TPAF Social Security Aid and T.P.A.F. Pension Contributions of \$111,768.80 and \$93,850.00, respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Capital Asset and Debt Administration

Capital Assets The Township of New Hanover School District's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$3,224,804.88 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. The total increase in the Township of New Hanover School District's investment in capital assets for the current fiscal year was 9.8 percent.

At the end of the fiscal year 2010, the Township of New Hanover School District had \$3,224,804.88 invested in land, construction in progress, land improvements, buildings and improvements and equipment.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)							
	Governmental Activities		Business-Type Activities		Total		
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	
Land	\$ 90,000	\$ 90,000			\$ 90,000	\$ 90,000	
Construction in Progress		380,585				380,585	
Land Improvements	44,733	35,067			44,733	35,067	
Building Improvements	2,768,197	2,686,327			2,768,197	2,686,327	
Equipment	18,553	19,043	\$ 16,367	\$ 13,783	34,920	32,826	
Total	\$ 2,921,484	\$ 3,211,022	\$ 16,367	\$ 13,783	\$ 2,937,850	\$ 3,224,805	

Additional information on the Township of New Hanover School District's capital assets can be found in Note 6.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Economic Factors and Next Year's Budget

For the 2009-10 school-year, the Township of New Hanover School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 35 percent of total revenue is from local tax levy, while 54 percent of the Township of New Hanover School District's revenue is from federal, state and local aid (restricted and not restricted). The 2010-11 Budget was adopted in May 2010 based in part on the state education aid the Township of New Hanover School District anticipated receiving. This aid was based on the State's projected enrollment for the District on October 15, 2004. Since State Aid was held harmless (not increased for additional enrollment), any future increase in enrollments will put an additional burden on the taxpayers of New Hanover Township and Wrightstown Borough.

The Township of New Hanover School District anticipates a slight increase in enrollment for the 2010-11 fiscal-year.

Requests for Information

This financial report is designed to provide a general overview of the Township of New Hanover School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Business Administrator/Board Secretary at New Hanover Twp. Board of Education, 122 Fort Dix Street, Wrightstown, New Jersey 08562.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT

Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 5,586,818.10	\$ 1,698.22	\$ 5,588,516.32
Receivables, net	141,273.57	10,909.95	152,183.52
Inventory		2,954.24	2,954.24
Capital Assets, net (Note 6)	<u>3,211,021.52</u>	<u>13,783.36</u>	<u>3,224,804.88</u>
Total Assets	<u>8,939,113.19</u>	<u>29,345.77</u>	<u>8,968,458.96</u>
LIABILITIES:			
Accounts Payable	345,091.81	29,282.30	374,374.11
Deferred Revenue	10,849.43		10,849.43
Noncurrent Liabilities (Note 7):			
Due within One Year	12,918.00		12,918.00
Due beyond One Year	<u>28,537.00</u>		<u>28,537.00</u>
Total Liabilities	<u>397,396.24</u>	<u>29,282.30</u>	<u>426,678.54</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	3,211,021.52	13,783.36	3,224,804.88
Restricted for:			
Capital Projects	2,125,292.87		2,125,292.87
Other Purposes	391,550.93		391,550.93
Unrestricted (Deficit)	<u>2,813,851.63</u>	<u>(13,719.89)</u>	<u>2,800,131.74</u>
Total Net Assets	<u>\$ 8,541,716.95</u>	<u>\$ 63.47</u>	<u>\$ 8,541,780.42</u>

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

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

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,520,785.75				\$ (1,520,785.75)		\$ (1,520,785.75)
Special Education	523,956.56		\$ 197,945.44		(326,011.12)		(326,011.12)
Other Instruction	9,570.30				(9,570.30)		(9,570.30)
Support Services:							
Tuition	1,612,258.46				(1,612,258.46)		(1,612,258.46)
Student and Instruction Related Services	531,789.35		65,247.00		(466,542.35)		(466,542.35)
General and Business Administrative Services	227,892.81				(227,892.81)		(227,892.81)
School Administrative Services	30,000.00				(30,000.00)		(30,000.00)
Plant Operations and Maintenance	322,303.51				(322,303.51)		(322,303.51)
Pupil Transportation	296,536.50				(296,536.50)		(296,536.50)
Reimbursed TPAF and Social Security	205,618.80		205,618.80		-		-
Interest on Long-Term Debt					-		-
Total Governmental Activities	5,280,712.04	-	468,811.24	-	(4,811,900.80)	-	(4,811,900.80)
Business-Type Activities:							
Food Service	91,296.08	\$ 30,782.21	51,728.60			\$ (8,785.27)	(8,785.27)
Total Business-Type Activities	91,296.08	30,782.21	51,728.60	-	-	(8,785.27)	(8,785.27)
Total Primary Government	\$ 5,372,008.12	\$ 30,782.21	\$ 520,539.84	\$ -	(4,811,900.80)	(8,785.27)	(4,820,686.07)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					1,542,274.00		1,542,274.00
Taxes Levied for Debt Service							
Federal and State Aid not Restricted					2,576,498.60		2,576,498.60
Federal and State Aid Restricted							
Miscellaneous Income					31,024.36	10.11	31,034.47
Cancellation of Accounts Payable					19,481.02		19,481.02
Cancellation of Accounts Receivable					(10,582.18)		(10,582.18)
Operating Transfers In					2,462,941.94	8,300.00	2,471,241.94
Operating Transfers Out					(2,471,241.94)		(2,471,241.94)
Total General Revenues, Special Items, Extraordinary Items and Transfers					4,150,395.80	8,310.11	4,158,705.91
Change in Net Assets					(661,505.00)	(475.16)	(661,980.16)
Net Assets -- July 1					9,203,221.95	538.63	9,203,760.58
Net Assets -- June 30					\$ 8,541,716.95	\$ 63.47	\$ 8,541,780.42

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 3,420,537.15	\$ 84,154.06	\$ 2,082,126.89		\$ 5,586,818.10
Receivables, net:					
Interfunds Receivable:					
Food Service Fund	14,759.06				14,759.06
Payroll Fund	9,872.88				9,872.88
Receivables from Other Governments:					
State of NJ -- FICA	74,495.56				74,495.56
Federal		42,146.07			42,146.07
Total Assets	<u>\$ 3,519,664.65</u>	<u>\$ 126,300.13</u>	<u>\$ 2,082,126.89</u>	<u>-</u>	<u>\$ 5,728,091.67</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 229,864.73	\$ 14,413.07			\$ 244,277.80
Payable to Federal/State Government		100,814.01			100,814.01
Deferred Revenue		10,849.43			10,849.43
Total Liabilities	<u>229,864.73</u>	<u>126,076.51</u>		<u>-</u>	<u>355,941.24</u>
Fund Balances:					
Reserved for:					
Impact Aid	2,605,306.63				2,605,306.63
Capital Reserve Account	43,165.98				43,165.98
Excess Surplus	271,727.31				271,727.31
Excess Surplus Designated to Subsequent Year's Budget	95,042.96				95,042.96
Unreserved:					
Designated to Subsequent Year's Budget	24,557.04		\$ 2,082,126.89		2,106,683.93
Undesignated	250,000.00	223.62			250,223.62
Total Fund Balances	<u>3,289,799.92</u>	<u>223.62</u>	<u>2,082,126.89</u>		<u>5,372,150.43</u>
Total Liabilities and Fund Balances	<u>\$ 3,519,664.65</u>	<u>\$ 126,300.13</u>	<u>\$ 2,082,126.89</u>	<u>-</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,006,628.17, and the accumulated depreciation is \$2,795,606.65.					
					3,211,021.52
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.					
					<u>(41,455.00)</u>
Net assets of governmental activities					<u>\$ 8,541,716.95</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 1,542,274.00				\$ 1,542,274.00
Miscellaneous	31,024.36				31,024.36
State Sources	1,831,047.40	\$ 99,231.65			1,930,279.05
Federal Sources	951,070.00	163,960.79			1,115,030.79
Total Revenues	4,355,415.76	263,192.44	-		4,618,608.20
EXPENDITURES:					
Regular Instruction	1,482,459.75				1,482,459.75
Special Education Instruction	325,313.52	198,643.04			523,956.56
Other Instruction	9,570.30				9,570.30
Support Services and Undistributed Costs:					
Tuition	1,612,258.46				1,612,258.46
Student and Instruction Related Services	466,542.35	65,247.00			531,789.35
General Administrative Services	226,937.15				226,937.15
School Administrative Services	30,000.00				30,000.00
Plant Operations and Maintenance	316,525.68				316,525.68
Pupil Transportation	296,536.50				296,536.50
Reimbursed TPAF Pension and Social Security	205,618.80				205,618.80
Capital Outlay	2,740.15		\$ 380,585.11		383,325.26
Total Expenditures	4,974,502.66	263,890.04	380,585.11		5,618,977.81
Excess (Deficiency) of Revenues over Expenditures	(619,086.90)	(697.60)	(380,585.11)		(1,000,369.61)
OTHER FINANCING SOURCES (USES):					
Cancelation of Payable	19,481.02				19,481.02
Cancelation of Receivable	(10,582.18)				(10,582.18)
Operating Transfers Out	(2,471,012.00)		(229.94)		(2,471,241.94)
Operating Transfers In	229.94		2,462,712.00		2,462,941.94
Total Other Financing Sources and Uses	(2,461,883.22)	-	2,462,482.06	-	598.84
Net Change in Fund Balances	(3,080,970.12)	(697.60)	2,081,896.95		(999,770.77)
Fund Balance -- July 1	6,370,770.04	921.22	229.94		6,371,921.20
Fund Balance -- June 30	<u>\$ 3,289,799.92</u>	<u>\$ 223.62</u>	<u>\$ 2,082,126.89</u>	<u>-</u>	<u>\$ 5,372,150.43</u>

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

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

Total Net Change in Fund Balances - Governmental Funds		\$ (999,770.77)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation Expense	\$ (93,787.26)	
Capital Outlays	<u>383,325.26</u>	
		289,538.00
<p>Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		-
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)</p>		
		-
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>48,727.77</u>
Change in Net Assets of Governmental Activities		<u>\$ (661,505.00)</u>

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

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

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,698.22
Accounts Receivable:	
State	585.60
Federal	10,324.35
Inventories	<u>2,954.24</u>
Total Current Assets	<u>15,562.41</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	37,200.00
Furniture, Machinery and Equipment	(23,416.64)
Less Accumulated Depreciation	<u>(23,416.64)</u>
Total Noncurrent Assets	<u>13,783.36</u>
Total Assets	<u>29,345.77</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	14,523.24
Due General Fund	<u>14,759.06</u>
Total Liabilities	<u>29,282.30</u>
NET ASSETS:	
Investment in Capital Assets, Net of Related Debt	13,783.36
Unrestricted (Deficit)	<u>(13,719.89)</u>
Total Net Assets	<u>\$ 63.47</u>

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

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

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 20,799.92
School Breakfast Program	1,888.70
Daily Sales - Non-Reimbursable Programs	<u>8,093.59</u>
Total Operating Revenues	<u>30,782.21</u>
OPERATING EXPENSES:	
Salaries	30,105.41
Employee Benefits	2,528.89
General Supplies	3,695.94
Services	11,130.28
Depreciation	2,583.33
Cost of Sales	<u>41,252.23</u>
Total Operating Expenses	<u>91,296.08</u>
Operating Income / (Loss)	<u>(60,513.87)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch and Breakfast Program	2,301.48
Federal Sources:	
National School Lunch and Breakfast Program	41,144.66
Food Distribution Program	8,282.46
Board Contribution	8,300.00
Interest Revenue	<u>10.11</u>
Total Nonoperating Revenues (Expenses)	<u>60,038.71</u>
Income (Loss) before Contributions and Transfers	(475.16)
Capital Contributions	<u>-</u>
Change in Net Assets	(475.16)
Net Assets -- July 1	<u>538.63</u>
Net Assets -- June 30	<u><u>\$ 63.47</u></u>

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

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

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 30,782.21
Payments to Employees	(27,447.70)
Payments for Employee Benefits	(2,751.26)
Payments for Supplies and Services	<u>(53,144.28)</u>
Net Cash Provided by (used for) Operating Activities	<u>(52,561.03)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,331.72
Federal Sources	49,021.15
Operating Subsidies and Transfers to Other Funds	<u>1,835.34</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>53,188.21</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>10.11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	637.29
Cash and Cash Equivalents -- July 1	<u>1,060.93</u>
Cash and Equivalents -- June 30	<u><u>\$ 1,698.22</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (60,513.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	2,583.33
(Increase) Decrease in Inventories	898.87
Increase (Decrease) in Accounts Payable	<u>4,470.64</u>
Total Adjustments	<u>7,952.84</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (52,561.03)</u></u>

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

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

	<u>Agency Funds</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 3,246.99	\$ 42,567.52	\$ 45,814.51
Total Assets	<u>\$ 3,246.99</u>	<u>\$ 42,567.52</u>	<u>\$ 45,814.51</u>
LIABILITIES:			
Interfund Accounts Payable:			
Due General Fund		\$ 9,872.88	\$ 9,872.88
Payroll Deductions Payable		4,282.63	4,282.63
Summer Payment Plan Payable		28,412.01	28,412.01
Payable to Student Groups	\$ 3,246.99		3,246.99
Total Liabilities	<u>\$ 3,246.99</u>	<u>\$ 42,567.52</u>	<u>\$ 45,814.51</u>

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

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Township of New Hanover School District (hereafter referred to as the "School District") is a Type II district located in the County of Burlington, State of New Jersey. The district is a regional district which comprises the Township of New Hanover and the Borough or Wrightstown. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that different member's terms expire each year. The purpose of the School District is to educate students in grades Pre-K through 8 at its one school. The School District has an approximate enrollment at June 30, 2010 of 163.

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

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

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

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

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

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

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

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

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

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

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

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

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

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenues from the federal and state government, other than major capital projects, debt service, or the enterprise funds, and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

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

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

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

The School District's one enterprise fund is:

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

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

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

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

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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

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

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

Budgets / Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

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

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

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

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

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

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

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

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

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

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

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

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

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

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating and Non-Operating Revenues and Expenses (Cont'd) - Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

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

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$5,637,506.22 as of June 30, 2010, none was uninsured and uncollateralized.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$4,000.00 in 2002 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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		\$	37,978.50
Increased by:			
Interest Earnings	\$	187.48	
Deposits:			
Approved at April 2009 election		<u>5,000.00</u>	
			<u>5,187.48</u>
Ending Balance June 30, 2010		\$	<u>43,165.98</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted projects at is \$3,294,500.00. There were no withdrawals from the capital reserve during the fiscal year.

Note 4: ACCOUNTS RECEIVABLE

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Intergovernmental	\$ 74,495.56	\$ 42,146.07	\$ 10,909.95		\$ 127,551.58
Other					
Total	<u>\$ 74,495.56</u>	<u>\$ 42,146.07</u>	<u>\$ 10,909.95</u>	<u>-</u>	<u>\$ 127,551.58</u>

Note 5: INVENTORY

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

Food	\$ 2,954.24
Supplies	<u>-</u>
	<u>\$ 2,954.24</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 90,000.00			\$ 90,000.00
Construction in Progress		\$ 380,585.11		380,585.11
Total Capital Assets not being Depreciated	<u>90,000.00</u>	<u>380,585.11</u>	<u>-</u>	<u>470,585.11</u>
Capital Assets, being Depreciated:				
Land Improvements	145,000.00			145,000.00
Building and Improvements	5,341,464.91			5,341,464.91
Equipment	46,838.00	2,740.15		49,578.15
Total Capital Assets, being Depreciated	<u>5,533,302.91</u>	<u>2,740.15</u>	<u>-</u>	<u>5,536,043.06</u>
Less Accumulated Depreciation for:				
Land Improvements	(100,266.70)	(9,666.67)		(109,933.37)
Building and Improvements	(2,573,267.52)	(81,870.42)		(2,655,137.94)
Equipment	(28,285.17)	(2,250.17)		(30,535.34)
Total Accumulated Depreciation	<u>(2,701,819.39)</u>	<u>(93,787.26)*</u>	<u>-</u>	<u>(2,795,606.65)</u>
Total Capital Assets, being Depreciated, Net	<u>2,831,483.52</u>	<u>(91,047.11)</u>	<u>-</u>	<u>2,740,436.41</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,921,483.52</u>	<u>\$ 289,538.00</u>	<u>-</u>	<u>\$ 3,211,021.52</u>
Business-Type Activities:				
Total Capital Assets, being Depreciated:				
Equipment	\$ 37,200.00			\$ 37,200.00
Less Accumulated Depreciation	(20,833.31)	\$ (2,583.33)		(23,416.64)
Total Business-Type Activities Capital Assets, Net	<u>\$ 16,366.69</u>	<u>\$ (2,583.33)</u>	<u>-</u>	<u>\$ 13,783.36</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 75,642.87
General and Business Administrative Services	12,366.56
Plant Operations and Maintenance	<u>5,777.83</u>
Total Depreciation Expense	<u>\$ 93,787.26</u>

Note 7: LONG-TERM OBLIGATIONS

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

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
PERS Payment Deferral	\$ 9,160.00			\$ 9,160.00	
Compensated Absences	81,022.77	\$ 32.30	\$ (48,760.07)	32,295.00	\$ 12,918.00
Governmental Activity Long-term Liabilities	<u>\$ 90,182.77</u>	<u>\$ 32.30</u>	<u>\$ (48,760.07)</u>	<u>\$ 41,455.00</u>	<u>\$ 12,918.00</u>

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

Public Employees' Retirement System (PERS) Payment Deferral - On March 17, 2009, P.L. 2009, c.19 (S-21) was signed into legislation and provided regular and vocational school districts the option of deferring fifty percent (50%) of the school district's 2008-09 regular PERS pension liability. School districts that elected to defer the pension liability were required to begin repaying the deferred amount over fifteen (15) years, starting in April of 2012. The amount to be paid will fluctuate based on the pension system investment earnings on the unfunded liability. At any time, however, upon requesting a pay off amount from the Division of Pensions and Benefits, a school district may pay off the deferred amount. The deferral of the aforementioned PERS payment was only an option for 2008-09 fiscal year. Commencing in the current fiscal year, June 30, 2010, and beyond, the full annual PERS pension liability will be required to be budgeted and paid.

On April 30, 2009, the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of \$9,160.00. The following is a schedule for the payment of the PERS deferral, based on an interest rate of 8.25%. N.J.S.A 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25%.

<u>Fiscal Year Ending June 30,</u>	<u>Deferral Payment</u>	<u>Interest</u>	<u>Total Projected Payment</u>
2012	\$ 610.67	\$ 2,267.10	\$ 2,877.77
2013	610.67	705.32	1,315.99
2014	610.67	654.94	1,265.61
2015	610.67	604.56	1,215.23
2016-2020	3,053.33	2,267.10	5,320.43
2021-2025	3,053.33	1,007.60	4,060.93
2026	610.66	50.38	661.04
	<u>\$ 9,160.00</u>	<u>\$ 7,557.00</u>	<u>\$ 16,717.00</u>

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

Note 8: OPERATING LEASES

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2011	\$ 4,680.00
2012	<u>4,680.00</u>
	<u>\$ 9,360.00</u>

Rental payments under operating leases for the fiscal year ended June 30, 2010 were \$4,680.00.

Note 9: PENSION PLANS

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

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

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

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

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

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

Note 9: PENSION PLANS (CONT'D)

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

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

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

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$12,176.00	\$ 11,879.00	\$24,055.00		\$ 24,055.00
2009	10,772.00	9,825.00	20,597.00	\$ 9,160.00 (A)	11,437.00
2008	12,264.00	9,451.00	21,715.00	4,343.00 (B)	17,372.00

(A) Deferred – see footnote 7

(B) Funded by excess pension asset credit

Note 10: POST-RETIREMENT BENEFITS

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

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

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$4,744.00 and \$89,106.00, respectively.

Note 12: RISK MANAGEMENT

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

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

Joint Insurance Pool - The School District is a member of the Burlington and Camden County Educator's Insurance Consortium, a sub-fund of the New Jersey School Boards Association Insurance Group.

The Fund provides the School District with the following coverage:

Property
Electronic Data Processing
Equipment Breakdown
Crime
Comprehensive General Liability
Automobile Liability
Workers' Compensation and Employers' Liability
School Leaders Errors and Omissions Liability

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

The Fund publishes its own financial report for the year ended June 30, 2010, which can be obtained from the following address:

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 13: DEFERRED COMPENSATION

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

Lincoln Financial
Lincoln Investments
Equitable
Equi-Vest

Note 14: COMPENSATED ABSENCES

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

School District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement, an employee is reimbursed for accumulated vacation and sick leave benefits provide for specified dollar amount per sick day accumulated.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, the liability for compensated absences in the governmental activities fund was \$32,295.00 and there was no liability in the proprietary fund type.

Note 15: INTERFUND BALANCES AND TRANSFERS

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 24,631.94	
Proprietary		\$ 14,759.06
Fiduciary		9,872.88
	<u>\$ 24,631.94</u>	<u>\$ 24,631.94</u>

Note 16: DEFICIT UNRESTRICTED NET ASSETS

The food service enterprise fund had a deficit in unrestricted net assets of \$13,719.89 as of June 30, 2010. This deficit will be provided for in the 2010-2011 and/or future general fund budgets.

Note 17: FUND BALANCES**RESERVED**

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

For Impact Aid – As of June 30, 2010, the balance of Impact Aid is \$2,605,306.63. These funds are a result of payments based on federal acquisition and ownership of real property.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of reserved fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$271,727.31 on a GAAP basis and \$453,617.91 on a budgetary basis. Additionally, \$95,042.96 of excess fund balance generated during 2008-2009 has been restricted and designated for utilization in the 2010-2011 budget.

Note 17: FUND BALANCES (CONT'D)**RESERVED (CONT'D)**

For Capital Reserve Account - As of June 30, 2010, the balance in the capital reserve account is \$43,165.98. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

UNRESERVED

General Fund - Of the \$274,557.04 unreserved general fund fund balance at June 30, 2010, \$24,557.04 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$250,000.00 is undesignated.

Special Revenue Fund - The Special Revenue Fund fund balance at June 30, 2010 of \$223.62 is unreserved and undesignated.

Capital Projects Fund - The Capital Projects Fund fund balance at June 30, 2010 of \$2,082,126.89 is unreserved but designated for an approved capital project.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,542,274.00		\$ 1,542,274.00	\$ 1,542,274.00	
Interest Earned on Capital Reserve Funds	450.00		450.00	187.48	\$ (262.52)
Unrestricted Miscellaneous Revenues	25,000.00		25,000.00	30,836.88	5,836.88
Total - Local Sources	1,567,724.00	-	1,567,724.00	1,573,298.36	5,574.36
State Sources:					
Equalization Aid	1,915,054.00	\$ (347,479.00)	1,567,575.00	1,143,294.00	(424,281.00)
Special Education Aid	137,131.00		137,131.00	137,131.00	
Security Aid	40,069.00		40,069.00	26,045.00	(14,024.00)
Adjustment Aid	293,652.00		293,652.00	190,874.00	(102,778.00)
Transportation Aid	167,068.00		167,068.00	108,594.00	(58,474.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				111,768.80	111,768.80
On-behalf TPAF Medical Contributions (non-budgeted)				89,106.00	89,106.00
On-behalf TPAF Pension Contributions (non-budgeted)				4,744.00	4,744.00
Total - State Sources	2,552,974.00	(347,479.00)	2,205,495.00	1,811,556.80	(393,938.20)
Federal Sources:					
Equalization Aid - ARRA ESF		334,529.00	334,529.00	334,529.00	
Equalization Aid - ARRA GSF		12,950.00	12,950.00	12,950.00	
Impact Aid	260,245.00		260,245.00	603,591.00	343,346.00
Total - Federal Sources	260,245.00	347,479.00	607,724.00	951,070.00	343,346.00
Total Revenues	4,380,943.00	-	4,380,943.00	4,335,925.16	(45,017.84)

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 46,267.00		\$ 46,267.00	\$ 28,265.63	\$ 18,001.37
Kindergarten	76,289.00		76,289.00	60,172.44	16,116.56
Grades 1 - 5	385,005.00	\$ (53,811.40)	331,193.60	342,425.73	(11,232.13)
Grades 6 - 8	280,180.00		280,180.00	290,870.30	(10,690.30)
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500.00		2,500.00		2,500.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		53,811.40	53,811.40	53,811.40	
Purchased Technical Services	20,000.00	17,000.00	37,000.00	25,292.85	11,707.15
General Supplies	45,000.00		45,000.00	52,623.61	(7,623.61)
Textbooks	42,920.00		42,920.00	34,610.94	8,309.06
Total Regular Programs	898,161.00	17,000.00	915,161.00	888,072.90	27,088.10
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	62,935.00		62,935.00	32,307.60	30,627.40
Other Salaries for Instruction	12,504.00		12,504.00	5,595.29	6,908.71
General Supplies	567.00		567.00	746.76	(179.76)
Textbooks	1,250.00		1,250.00	580.27	669.73
Total - Learning and/or Language Disabilities	77,256.00	-	77,256.00	39,229.92	38,026.08
Multiple Disabilities:					
Salaries of Teachers	62,823.00		62,823.00	153,866.02	(91,043.02)
Other Salaries for Instruction	10,528.00		10,528.00	5,046.58	5,481.42
General Supplies	1,528.00		1,528.00	132.95	1,395.05
Textbooks	1,040.00		1,040.00	1,101.08	(61.08)
Total - Multiple Disabilities	75,919.00	-	75,919.00	160,146.63	(84,227.63)
Resource Room/Center					
Salaries of Teachers	137,788.00		137,788.00	104,487.99	33,300.01
Other Salaries for Instruction	37,556.00		37,556.00	21,093.62	16,462.38
General Supplies	2,908.00		2,908.00	25.84	2,882.16
Textbooks	330.00		330.00	329.52	0.48
Total - Resource Room/Center	178,582.00	-	178,582.00	125,936.97	52,645.03
Total - Special Education	331,757.00	-	331,757.00	325,313.52	6,443.48

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Bilingual Education					
Salaries of Teachers	\$ 5,508.00		\$ 5,508.00		\$ 5,508.00
Total - Bilingual Education	5,508.00	-	5,508.00	-	5,508.00
School Sponsored Cocurricular Activities - Instruction:					
Salaries	18,070.00		18,070.00	\$ 3,074.82	14,995.18
Supplies and Materials	3,750.00		3,750.00	3,386.50	363.50
Other Objects	7,100.00		7,100.00	3,108.98	3,991.02
Total - School Sponsored Cocurricular Activities - Instruction	28,920.00	-	28,920.00	9,570.30	19,349.70
Undistributed Expenditures - Instruction					
Tuition to Other LEAs within State-Regular	625,341.00		625,341.00	402,701.90	222,639.10
Tuition to Other LEAs within State-Special	314,664.00		314,664.00	574,605.79	(259,941.79)
Tuition to County Voc. - Regular	11,550.00		11,550.00	11,550.00	
Tuition to County Voc. - Special	6,930.00		6,930.00	6,930.00	
Tuition to CSSD & Reg. Day Schools	582,166.00		582,166.00	409,867.00	172,299.00
Tuition to Private School for the Handicapped & Other LEAs	251,960.00		251,960.00	180,436.27	71,523.73
Tuition -- Other	63,500.00		63,500.00	26,167.50	37,332.50
Total Undistributed Expenditures - Instruction	1,856,111.00	-	1,856,111.00	1,612,258.46	243,852.54
Total - Instruction	3,120,457.00	\$ 17,000.00	3,137,457.00	2,835,215.18	302,241.82
Undistributed Expenditures:					
Attendance and Social Work					
Salaries	2,000.00		2,000.00		2,000.00
Total Attendance and Social Work	2,000.00		2,000.00		2,000.00
Health Services					
Salaries	69,971.00		69,971.00	78,303.17	(8,332.17)
Purchased Professional and Technical Services	4,500.00		4,500.00	13,586.50	(9,086.50)
Supplies and Materials	2,000.00		2,000.00	2,114.50	(114.50)
Other Objects	3,564.00		3,564.00		3,564.00
Total Health Services	80,035.00		80,035.00	94,004.17	(13,969.17)

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Support Services-Students-Regular					
Other Purchased Professional and Technical Services	\$ 30,000.00		\$ 30,000.00	\$ 15,757.38	\$ 14,242.62
Total - Other Support Services-Students-Regular	30,000.00	-	30,000.00	15,757.38	14,242.62
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	34,936.00		34,936.00	55,415.17	(20,479.17)
Salaries of Secretarial and Clerical Assistants	24,940.00		24,940.00	28,858.95	(3,918.95)
Purchased Professional - Educational Services	132,540.00		132,540.00	100,149.56	32,390.44
Supplies and Materials	1,775.00	\$ 584.00	2,359.00	206.37	2,152.63
Total Other Support Services - Students - Special Services	194,191.00	584.00	194,775.00	184,630.05	10,144.95
Improvement of Instruction Services/Other Support Services - Instructional Staff:					
Salaries of Supervisor of Instruction	63,000.00		63,000.00	63,000.00	
Salaries of Secretaries and Clerical Assistants	28,850.00		28,850.00	32,306.08	(3,456.08)
Purchased Professional - Educational Services	8,500.00		8,500.00	7,379.98	1,120.02
Other Purchased Professional and Technical Services	1,800.00		1,800.00		1,800.00
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	102,150.00	-	102,150.00	102,686.06	(536.06)
Educational Media Services/School Library:					
Salaries	72,749.00		72,749.00	69,005.66	3,743.34
Purchased Professional and Technical Services	2,000.00		2,000.00		2,000.00
Other Purchased Services	2,500.00		2,500.00		2,500.00
Supplies and Materials	16,745.00	90.90	16,835.90	459.03	16,376.87
Total Educational Media Services/School Library	93,994.00	90.90	94,084.90	69,464.69	24,620.21

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration:					
Salaries	\$ 30,000.00		\$ 30,000.00	\$ 55,945.93	\$ (25,945.93)
Legal Services	15,000.00		15,000.00	8,319.75	6,680.25
Audit Fees	25,000.00		25,000.00	38,884.80	(13,884.80)
Purchased Technical Services	1,000.00		1,000.00	787.20	212.80
Communications/Telephone	3,500.00		3,500.00	11,666.68	(8,166.68)
Travel				3,358.13	(3,358.13)
General Supplies	3,000.00		3,000.00	2,658.05	341.95
Miscellaneous Expenditures	5,000.00		5,000.00	6,649.90	(1,649.90)
BOE Membership Dues and Fees	5,000.00		5,000.00	3,211.60	1,788.40
Total Support Services General Administration	87,500.00	-	87,500.00	131,482.04	(43,982.04)
Support Services School Administration:					
Salaries of Secretarial and Clerical Assistants	30,000.00		30,000.00	30,000.00	
Total Support Services School Administration	30,000.00	-	30,000.00	30,000.00	-
Central Services					
Salaries	127,701.00		127,701.00	95,455.11	32,245.89
Total Central Services	127,701.00	-	127,701.00	95,455.11	32,245.89
Required Maintenance for School Facilities:					
Salaries	17,779.00		17,779.00	30,674.16	(12,895.16)
Cleaning, Repair & Maintenance Services	37,500.00	350.00	37,850.00	47,682.17	(9,832.17)
General Supplies	3,200.00	2,008.25	5,208.25	2,465.96	2,742.29
Total - Required Maintenance for School Facilities	58,479.00	2,358.25	60,837.25	80,822.29	(19,985.04)

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 68,300.00		\$ 68,300.00	\$ 83,755.13	\$ (15,455.13)
Cleaning, Repair & Maintenance Services	42,500.00		42,500.00	14,951.29	27,548.71
Other Purchased Property Services	10,000.00		10,000.00	6,642.81	3,357.19
Insurance	50,000.00		50,000.00	46,947.00	3,053.00
Miscellaneous Purchased Services	5,000.00		5,000.00		5,000.00
General Supplies	16,300.00		16,300.00	10,407.08	5,892.92
Energy (Heat & Electricity)	92,000.00		92,000.00	73,000.08	18,999.92
Total - Other Operation and Maintenance of Plant Services	284,100.00	-	284,100.00	235,703.39	48,396.61
Total - Operation and Maintenance of Plant Services	342,579.00	\$ 2,358.25	344,937.25	316,525.68	28,411.57
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Reg.	11,133.00		11,133.00	25,536.90	(14,403.90)
Contracted Services (Between Home & School) - Vendors	72,855.00		72,855.00	75,916.80	(3,061.80)
Contracted Services (Other Than Home & School) - Vendors	5,700.00		5,700.00	4,539.00	1,161.00
Contracted Services (Between Home & School) - Joint Agreements	65,542.00		65,542.00	39,189.60	26,352.40
Contracted Services (Special Education Students) - Vendors	37,526.00		37,526.00	82,422.00	(44,896.00)
Contracted Services (Special Education Students) - Joint Agreements	109,456.00		109,456.00	60,223.70	49,232.30
Contracted Services - Aid in Lieu of Payments	3,536.00		3,536.00	1,808.50	1,727.50
Miscellaneous Purchased Services - Transportation	4,000.00		4,000.00	6,900.00	(2,900.00)
Total Student Transportation Services	309,748.00	-	309,748.00	296,536.50	13,211.50
Employee Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	33,200.00		33,200.00	90,343.98	(57,143.98)
Other Retirement Contributions	25,000.00		25,000.00	24,055.00	945.00
Unemployment Compensation	10,185.00		10,185.00	255.19	9,929.81
Workmen's Compensation	10,600.00		10,600.00		10,600.00
Health Benefits	550,000.00		550,000.00	462,083.28	87,916.72
Tuition Reimbursement	5,000.00		5,000.00	3,025.00	1,975.00
Other Employee Benefits	15,000.00		15,000.00	14,624.40	375.60
Total Regular Programs	648,985.00		648,985.00	594,386.85	54,598.15

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Undistricted Expenditures - Enterprise Funds					
Amounts to Cover Deficit	\$ 36,020.00		\$ 36,020.00		\$ 36,020.00
On-behalf TPAF Pension Contributions				\$ 4,744.00	(4,744.00)
On-behalf TPAF Medical Contributions				89,106.00	(89,106.00)
Reimbursed TPAF Social Security Contributions				111,768.80	(111,768.80)
Total TPAF Contributions	-	-	-	205,618.80	(205,618.80)
Total Undistributed Expenses	2,084,903.00	\$ 3,033.15	2,087,936.15	2,136,547.33	(48,611.18)
Total Expenditures - Current Expense	5,205,360.00	20,033.15	5,225,393.15	4,971,762.51	253,630.64
CAPITAL OUTLAY:					
Increase in Capital Reserve	5,000.00		5,000.00		5,000.00
Interest Deposit to Capital Reserve	450.00		450.00		450.00
Undistributed Expenditures - Instruction	15,000.00	-	15,000.00	2,740.15	12,259.85
Total Capital Outlay	20,450.00	-	20,450.00	2,740.15	17,709.85
Total Expenditures	5,225,810.00	20,033.15	5,245,843.15	4,974,502.66	271,340.49
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(844,867.00)	(20,033.15)	(864,900.15)	(638,577.50)	226,322.65
Other Financing Sources (Uses):					
Cancellation of Prior Year Accounts Payable				19,481.02	19,481.02
Cancellation of Prior Year Accounts Receivable				(10,582.18)	(10,582.18)
Transfer to Capital Projects Fund				(2,462,712.00)	(2,462,712.00)
Cancellation of Completed Capital Project				229.94	229.94
Transfer to Enterprise Fund - Board Contribution		-		(8,300.00)	(8,300.00)
Total Other Financing Sources (Uses)	-	-	-	(2,461,883.22)	(2,461,883.22)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(844,867.00)	(20,033.15)	(864,900.15)	(3,100,460.72)	(2,235,560.57)
Fund Balances, July 1	6,572,151.24	-	6,572,151.24	6,572,151.24	-
Fund Balances, June 30	\$ 5,727,284.24	\$ (20,033.15)	\$ 5,707,251.09	\$ 3,471,690.52	\$ (2,235,560.57)

(Continued)

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

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Recapitulation:					
Capital Reserve				\$ 43,165.98	
Reserve for Impact Aid				2,605,306.63	
Excess Surplus				453,617.91	
Excess Surplus Designated for Subsequent Year's Expenditures				95,042.96	
Unreserved Designated for Subsequent Year's Expenditures				24,557.04	
Unreserved -- Undesignated Fund Balance				<u>250,000.00</u>	
				3,471,690.52	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(181,890.60)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,289,799.92</u>	

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

	<u>Budget Account</u>	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:						
Federal Sources:						
Equalization Aid -- ARRA ESF		-	\$ 334,529.00	\$ 334,529.00	\$ 334,529.00	-
EXPENDITURES:						
GENERAL CURRENT EXPENSE:						
Regular Programs - Instruction:						
Salaries of Teachers:						
Grades 1 - 5	11-120-100-101		39,133.00	39,133.00	39,133.00	
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106		53,811.40	53,811.40	53,811.40	
Total - Regular Programs		-	92,944.40	92,944.40	92,944.40	-
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs within the State - Special	11-000-100-562		223,584.60	223,584.60	223,584.60	
Total - Undistributed Expenditures - Instruction		-	223,584.60	223,584.60	223,584.60	-
Support Services General Administration:						
Salaries	11-000-230-100		18,000.00	18,000.00	18,000.00	
Total - Support Services General Administration		-	18,000.00	18,000.00	18,000.00	-
Total Expenditures		-	334,529.00	334,529.00	334,529.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		-	-	-	-	-
Fund Balances, July 1		-	-	-	-	-
Fund Balances, June 30		-	-	-	-	-

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

	<u>Budget Account</u>	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:						
Federal Sources:						
Equalization Aid -- ARRA GSF		-	\$ 12,950.00	\$ 12,950.00	\$ 12,950.00	-
EXPENDITURES:						
GENERAL CURRENT EXPENSE:						
Regular Programs - Undistributed Instruction:						
General Supplies	11-190-100-610		12,950.00	12,950.00	12,950.00	
Total - Regular Programs		-	12,950.00	12,950.00	12,950.00	-
Total Expenditures		-	12,950.00	12,950.00	12,950.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		-	-	-	-	-
Fund Balances, July 1		-	-	-	-	-
Fund Balances, June 30		-	-	-	-	-

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 52,472.00	\$ 3,766.02	\$ 56,238.02	\$ 52,472.00	\$ (3,766.02)
Distance Learning Network Aid		3,517.43	3,517.43		(3,517.43)
Non-Public Aid	<u>109,537.00</u>	<u>(37,762.00)</u>	<u>71,775.00</u>	<u>47,457.25</u>	<u>(24,317.75)</u>
Total - State Sources	<u>162,009.00</u>	<u>(30,478.55)</u>	<u>131,530.45</u>	<u>99,929.25</u>	<u>(31,601.20)</u>
Federal Sources:					
Title I	91,133.00	14,723.74	105,856.74	92,085.74	(13,771.00)
Title I - ARRA		36,533.00	36,533.00		(36,533.00)
Title II Part A	52,107.00	(1,068.00)	51,039.00	50,118.00	(921.00)
Title II Part D		930.00	930.00	667.00	(263.00)
Title IV		1,407.00	1,407.00	786.00	(621.00)
I.D.E.I.A., Part B, Basic	86,059.00	19,660.27	105,719.27	20,304.05	(85,415.22)
I.D.E.I.A., Part B, Basic - ARRA			72,331.00		(72,331.00)
I.D.E.I.A., Part B, Preschool Incentive			3,533.00		(3,533.00)
I.D.E.I.A., Part B, Preschool Incentive - ARRA		2,611.00	2,611.00		(2,611.00)
Total - Federal Sources	<u>229,299.00</u>	<u>74,797.01</u>	<u>379,960.01</u>	<u>163,960.79</u>	<u>(215,999.22)</u>
Total Revenues	<u>\$ 391,308.00</u>	<u>\$ 44,318.46</u>	<u>\$ 511,490.46</u>	<u>\$ 263,890.04</u>	<u>\$ (247,600.42)</u>

(Continued)

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 149,875.00	\$ 4,163.65	\$ 154,038.65	\$ 150,272.63	\$ 3,766.02
Purchased Professional - Educational Services	89,968.00	(27,600.00)	62,368.00	44,073.41	18,294.59
Other Purchased Services		87,600.00	87,600.00		87,600.00
General Supplies	4,769.00	231.00	5,000.00		5,000.00
Textbooks		4,297.00	4,297.00	4,297.00	
Total Instruction	<u>244,612.00</u>	<u>68,691.65</u>	<u>313,303.65</u>	<u>198,643.04</u>	<u>114,660.61</u>
Support Services:					
Salaries	8,826.00	4,234.29	13,060.29	9,392.00	3,668.29
Personal Services - Employee Benefits	19,481.00	0.11	19,481.11	19,481.11	
Purchased Professional - Educational Services	832.00	177.00	1,009.00	388.00	621.00
Purchased Professional - Technical Services	86,059.00	19,628.98	105,687.98	7,647.20	98,040.78
Other Purchased Services	14,687.00	3,250.00	17,937.00	14,759.69	3,177.31
Supplies and Materials	3,040.00	21,589.43	24,629.43	13,579.00	11,050.43
Total Support Services	<u>132,925.00</u>	<u>48,879.81</u>	<u>181,804.81</u>	<u>65,247.00</u>	<u>116,557.81</u>
Capital:					
Instructional Equipment	13,771.00		13,771.00		13,771.00
Non-Instructional Equipment			2,611.00		2,611.00
Total Capital	<u>13,771.00</u>	<u>-</u>	<u>16,382.00</u>	<u>-</u>	<u>16,382.00</u>
Total Expenditures	<u>\$ 391,308.00</u>	<u>\$ 117,571.46</u>	<u>\$ 511,490.46</u>	<u>\$ 263,890.04</u>	<u>\$ 247,600.42</u>

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2010

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 4,335,925.16	\$ 263,890.04
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The Restricted State Aids and Revenues from Local Sources recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2009.	201,381.20	2,844.80
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2010.	<u>(181,890.60)</u>	<u>(3,542.40)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,355,415.76</u>	<u>\$ 263,192.44</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,974,502.66	\$ 263,890.04
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 4,974,502.66</u>	<u>\$ 263,890.04</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	N.C.L.B.						Total Brought Forward
	Total	Title I		Title II			
		2009-2010	2008-2009	Part A 2009-2010	Part A 2008-2009	Part D 2009-2010	
REVENUES:							
Federal Sources	\$ 163,960.79	\$ 78,476.00	\$ 13,609.74	\$ 49,424.00	\$ 694.00	\$ 667.00	\$ 21,090.05
State Sources	99,929.25						99,929.25
Local Sources	-						
Total Revenues	\$ 263,890.04	\$ 78,476.00	\$ 13,609.74	\$ 49,424.00	\$ 694.00	\$ 667.00	\$ 121,019.30
EXPENDITURES:							
Instruction:							
Salaries	\$ 150,272.63	\$ 57,403.00	\$ 1.63	\$ 40,000.00			\$ 52,868.00
Purchased Professional - Educational Services	44,073.41						44,073.41
General Supplies							
Textbooks	4,297.00						4,297.00
Total Instruction	198,643.04	57,403.00	1.63	40,000.00	-	-	101,238.41
Support Services:							
Salaries of Program Directors	9,392.00	4,297.00					5,095.00
Personal Services - Employee Benefits	19,481.11	11,481.00	0.11	8,000.00			
Purchased Professional - Educational Services	388.00						388.00
Purchased Professional Technical Services	7,647.20				\$ 694.00		6,953.20
Other Purchased Services	14,759.69	5,295.00	5,258.00	1,424.00		\$ 667.00	2,115.69
Supplies and Materials	13,579.00		8,350.00				5,229.00
Total Support Services	65,247.00	21,073.00	13,608.11	9,424.00	694.00	667.00	19,780.89
Facilities Acquisition and Construction Services:							
Instructional Equipment	-	-	-	-	-	-	-
Total Expenditures	\$ 263,890.04	\$ 78,476.00	\$ 13,609.74	\$ 49,424.00	\$ 694.00	\$ 667.00	\$ 121,019.30

(Continued)

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

	Total Carried Forward	N.C.L.B.		I.D.E.I.A. Part B Basic 2009-2010	I.D.E.I.A. Part B Basic 2008-2009	N.J. Nonpublic Handicap Services Ch. 193 Exam and Classification	Total Brought Forward
		Title IV 2009-2010	Title IV 2008-2009				
REVENUES:							
Federal Sources	\$ 21,090.05	\$ 784.00	\$ 2.00	\$ 9,998.07	\$ 10,305.98		
State Sources	99,929.25					\$ 6,946.76	\$ 92,982.49
Local Sources							
Total Revenues	\$ 121,019.30	\$ 784.00	\$ 2.00	\$ 9,998.07	\$ 10,305.98	\$ 6,946.76	\$ 92,982.49
EXPENDITURES:							
Instruction:							
Salaries	\$ 52,868.00	\$ 396.00					\$ 52,472.00
Purchased Professional - Educational Services	44,073.41			\$ 8,123.85		\$ 6,946.76	29,002.80
General Supplies							
Textbooks	4,297.00						4,297.00
Total Instruction	101,238.41	396.00	-	8,123.85	-	6,946.76	85,771.80
Support Services:							
Salaries	5,095.00						5,095.00
Personal Services - Employee Benefits							
Purchased Professional - Educational Services	388.00	388.00					
Purchased Professional Technical Services	6,953.20		\$ 2.00	1,874.22	\$ 5,076.98		
Other Purchased Services	2,115.69						2,115.69
Supplies and Materials	5,229.00				5,229.00		
Total Support Services	19,780.89	388.00	2.00	1,874.22	10,305.98	-	7,210.69
Facilities Acquisition and Construction Services:							
Instructional Equipment	-	-	-	-	-	-	-
Total Expenditures	\$ 121,019.30	\$ 784.00	\$ 2.00	\$ 9,998.07	\$ 10,305.98	\$ 6,946.76	\$ 92,982.49

(Continued)

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

	Total Carried Forward	N.J. Nonpublic Handicap Services Ch. 193 Supplementary Instruction	N.J. Nonpublic Handicap Services Ch. 193 Corrective Speech	N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory Education	N.J. Nonpublic Auxiliary Services Ch. 192 Transportation	Nonpublic Textbook Aid	Nonpublic Nursing Aid	PreSchool 2009-2010
REVENUES:								
Federal Sources								
State Sources	\$ 92,982.49	\$ 3,743.08	\$ 7,890.96	\$ 17,368.76	\$ 2,115.69	\$ 4,297.00	\$ 5,095.00	\$ 52,472.00
Local Sources								
Total Revenues	\$ 92,982.49	\$ 3,743.08	\$ 7,890.96	\$ 17,368.76	\$ 2,115.69	\$ 4,297.00	\$ 5,095.00	52,472.00
EXPENDITURES:								
Instruction:								
Salaries	\$ 52,472.00							\$ 52,472.00
Purchased Professional - Educational Services	29,002.80	\$ 3,743.08	\$ 7,890.96	\$ 17,368.76				
General Supplies	-							
Textbooks	4,297.00					\$ 4,297.00		
Total Instruction	85,771.80	3,743.08	7,890.96	17,368.76	-	4,297.00	-	52,472.00
Support Services:								
Salaries	5,095.00						\$ 5,095.00	
Personal Services - Employee Benefits	-							
Purchased Professional - Educational Services	-							
Purchased Professional - Technical Services	-							
Other Purchased Services	2,115.69				\$ 2,115.69			
Supplies and Materials	-							
Total Support Services	7,210.69	-	-	-	2,115.69	-	5,095.00	-
Facilities Acquisition and Construction Services:								
Instructional Equipment	-	-	-	-	-	-	-	-
Total Expenditures	\$ 92,982.49	\$ 3,743.08	\$ 7,890.96	\$ 17,368.76	\$ 2,115.69	\$ 4,297.00	\$ 5,095.00	\$ 52,472.00

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
SPECIAL REVENUE FUND
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 52,472.00	\$ 52,472.00	-
Other Salaries for Instruction			-
Other Purchased Services			-
General Supplies			-
Support Services:			
Employee Benefits			-
Total Expenditures	<u>\$ 52,472.00</u>	<u>\$ 52,472.00</u>	<u>-</u>

Calculation of Budget and Carryover

2009-10 Revised Preschool Education Aid Allocation	\$ 52,472.00
Actual Preschool Carryover (June 30, 2009)	<u>3,766.02</u>
Total Preschool Education Aid Funds Available for 2009-10 Budget	56,238.02
Less: 2009-10 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(52,472.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2010	3,766.02
Add: 2009-10 Unexpended Preschool Education Aid	<u>-</u>
2009-10 Preschool Education Aid Actual Carryover	<u>\$ 3,766.02</u>

CAPITAL PROJECTS FUND

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
 Capital Projects Fund
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2010

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Additions and Improvements to Existing School Building	05/04/00	\$ 2,598,138.40	\$ 2,597,908.46	\$ 229.94	
Additions and Improvements to Existing School Building	01/19/09	<u>2,462,712.00</u>	<u>2,597,908.46</u>	<u>380,585.11</u>	<u>\$ 2,082,126.89</u>
		<u>\$ 5,060,850.40</u>	<u>\$ 2,597,908.46</u>	<u>\$ 380,815.05</u>	<u>\$ 2,082,126.89</u>
Expenditures for Project				\$ 380,585.11	
Transfer to General Fund				<u>229.94</u>	
				<u>\$ 380,815.05</u>	

TOWNSHIP OF NEW HANOVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND

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

Revenues and Other Financing Sources

State Sources--SCC Grant	
Bond Proceeds and Transfers	
Other Local Revenue	
Transfer from Impact Aid Reserve	\$ 2,462,712.00
Transfer from Capital Reserve	
Transfer from Capital Outlay	
Total Revenues	2,462,712.00

Expenditures and Other Financing Uses

Other Purchased Professional and Technical Services	
Construction Services	\$ 380,585.11
Other Objects	
Total Expenditures	380,585.11
Other Financing Uses - Transfer to General Fund	229.94
Total Expenditures and Other Financing Uses	380,815.05

Excess (Deficiency) of Revenues Over (Under) Expenditures	2,081,896.95
Fund Balance -- July 1	\$ 229.94
Fund Balance -- June 30	\$ 2,082,126.89

TOWNSHIP OF NEW HANOVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Additions and Improvements to Existing School Building
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SCC Grant				
Note Proceeds and Transfers	\$2,500,000.00		\$2,500,000.00	\$2,500,000.00
Other Local Revenue	98,138.40	\$ (229.94)	97,908.46	97,908.46
Transfer from Capital Reserve				
Transfer from Capital Outlay				
	<u>2,598,138.40</u>	<u>(229.94)</u>	<u>2,597,908.46</u>	<u>2,597,908.46</u>
Total Revenues				
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	54,598.48		54,598.48	\$ 54,598.48
Construction Services	2,543,309.98		2,543,309.98	2,543,309.98
Other Objects				
	<u>2,597,908.46</u>	<u>-</u>	<u>2,597,908.46</u>	<u>2,597,908.46</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 229.94</u>	<u>\$ (229.94)</u>	<u>\$ -</u>	<u>-</u>

Additional Project Information:

Project Number	NA
Grant Date	NA
Bond Authorization Date	May 4, 2000
Bonds Authorized	\$2,500,000.00
Notes Issued	2,500,000.00
Original Authorized Cost	2,500,000.00
Additional Authorized Cost	97,908.46
Revised Authorized Cost	2,597,908.46
Percentage Increase over Original Authorized Cost	-
Percentage Completion	100.00%
Original Target Completion Date	
Revised Target Completion Date	

TOWNSHIP OF NEW HANOVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Additions and Improvements to Existing School Building
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SCC Grant				
Note Proceeds and Transfers				
Transfer from Impact Aid Reserve		\$2,462,712.00	\$2,462,712.00	\$2,462,712.00
Transfer from Capital Reserve				
Transfer from Capital Outlay				
Total Revenues		2,462,712.00	2,462,712.00	2,462,712.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services				
Construction Services		\$ 380,585.11	\$ 380,585.11	\$2,462,712.00
Other Objects				
Total Expenditures		380,585.11	380,585.11	2,462,712.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$2,082,126.89	\$2,082,126.89	-
Additional Project Information:				
Project Number	NA			
Grant Date	NA			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Notes Issued	NA			
Original Authorized Cost	2,461,712.00			
Additional Authorized Cost	-			
Revised Authorized Cost	2,461,712.00			
Percentage Increase over Original Authorized Cost	-			
Percentage Completion	15.45%			
Original Target Completion Date				
Revised Target Completion Date				

PROPRIETARY FUNDS

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT

Enterprise Fund
Statement of Net Assets
June 30, 2010

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,698.22
Accounts Receivable:	
State	585.60
Federal	10,324.35
Inventories	<u>2,954.24</u>
Total Current Assets	<u>15,562.41</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	37,200.00
Furniture, Machinery and Equipment	<u>(23,416.64)</u>
Less Accumulated Depreciation	
Total Noncurrent Assets	<u>13,783.36</u>
Total Assets	<u>29,345.77</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	14,523.24
Due General Fund	<u>14,759.06</u>
Total Liabilities	<u>29,282.30</u>
NET ASSETS:	
Investment in Capital Assets, Net of Related Debt	13,783.36
Unrestricted (Deficit)	<u>(13,719.89)</u>
Total Net Assets	<u>\$ 63.47</u>

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

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 20,799.92
School Breakfast Program	1,888.70
Daily Sales - Non-Reimbursable Programs	8,093.59
Total Operating Revenues	30,782.21
OPERATING EXPENSES:	
Salaries	30,105.41
Employee Benefits	2,528.89
General Supplies	3,695.94
Services	11,130.28
Depreciation	2,583.33
Cost of Sales	41,252.23
Total Operating Expenses	91,296.08
Operating Income / (Loss)	(60,513.87)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch and Breakfast Program	2,301.48
Federal Sources:	
National School Lunch and Breakfast Program	41,144.66
Food Distribution Program	8,282.46
Board Contribution	8,300.00
Interest Revenue	10.11
Total Nonoperating Revenues (Expenses)	60,038.71
Income (Loss) before Contributions and Transfers	(475.16)
Capital Contributions	-
Change in Net Assets	(475.16)
Net Assets -- July 1	538.63
Net Assets -- June 30	\$ 63.47

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

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 30,782.21
Payments to Employees	(27,447.70)
Payments for Employee Benefits	(2,751.26)
Payments for Supplies and Services	<u>(53,144.28)</u>
Net Cash Provided by (used for) Operating Activities	<u>(52,561.03)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,331.72
Federal Sources	49,021.15
Operating Subsidies and Transfers to Other Funds	<u>1,835.34</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>53,188.21</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>10.11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	637.29
Cash and Cash Equivalents -- July 1	<u>1,060.93</u>
Cash and Equivalents -- June 30	<u><u>\$ 1,698.22</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (60,513.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	2,583.33
(Increase) Decrease in Inventories	898.87
Increase (Decrease) in Accounts Payable	<u>4,470.64</u>
Total Adjustments	<u>7,952.84</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (52,561.03)</u></u>

FIDUCIARY FUNDS

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

	<u>Agency Funds</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 3,246.99	\$ 42,567.52	\$ 45,814.51
Total Assets	<u>\$ 3,246.99</u>	<u>\$ 42,567.52</u>	<u>\$ 45,814.51</u>
LIABILITIES:			
Interfund Accounts Payable:			
Due General Fund		\$ 9,872.88	\$ 9,872.88
Payroll Deductions Payable		4,282.63	4,282.63
Summery Payment Plan Payable		28,412.01	28,412.01
Payable to Student Groups	\$ 3,246.99		3,246.99
Total Liabilities	<u>\$ 3,246.99</u>	<u>\$ 42,567.52</u>	<u>\$ 45,814.51</u>

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

	Balance <u>June 30, 2009</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2010</u>
New Hanover Elementary School	<u>\$ 2,752.67</u>	<u>\$ 6,218.46</u>	<u>\$ 5,724.14</u>	<u>\$ 3,246.99</u>

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

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 9,851.40</u>	<u>\$ 2,124,854.34</u>	<u>\$ 2,092,138.22</u>	<u>\$ 42,567.52</u>
LIABILITIES:				
Payroll Deductions and Withholdings		\$ 902,305.98	\$ 898,023.35	\$ 4,282.63
Summer Payment Plan		28,412.01		28,412.01
Net Payroll		1,194,114.87	1,194,114.87	
Interfund Accounts Payable:				
Due General Fund	<u>\$ 9,851.40</u>	<u>21.48</u>		<u>9,872.88</u>
Total Liabilities	<u>\$ 9,851.40</u>	<u>\$ 2,124,854.34</u>	<u>\$ 2,092,138.22</u>	<u>\$ 42,567.52</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	Fiscal Year Ended June 30,						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 3,211,021.52	\$ 2,921,483.52	\$ 2,872,599.39	\$ 2,314,858.65	\$ 2,328,527.11	\$ 2,388,697.98	\$ 2,463,890.78
Restricted	2,516,843.80	1,397,248.57	1,289,060.75	1,873,942.20	1,258,084.07	111,742.37	129,046.82
Unrestricted	<u>2,813,851.63</u>	<u>4,884,489.86</u>	<u>5,703,357.94</u>	<u>5,190,301.20</u>	<u>5,404,355.38</u>	<u>5,297,585.80</u>	<u>5,532,216.31</u>
Total Governmental Activities Net Assets	<u>\$ 8,541,716.95</u>	<u>\$ 9,203,221.95</u>	<u>\$ 9,865,018.08</u>	<u>\$ 9,379,102.05</u>	<u>\$ 8,990,966.56</u>	<u>\$ 7,798,026.15</u>	<u>\$ 8,125,153.91</u>
Business-type Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 13,783.36	\$ 16,366.69	\$ 18,950.02	\$ 21,533.35		\$ 26,700.01	\$ 29,283.34
Unrestricted	<u>(13,719.89)</u>	<u>(15,828.06)</u>	<u>9,202.85</u>	<u>(21,122.27)</u>		<u>(25,983.67)</u>	<u>(23,570.56)</u>
Total Business-type Activities Net Assets	<u>\$ 63.47</u>	<u>\$ 538.63</u>	<u>\$ 28,152.87</u>	<u>\$ 411.08</u>	<u>-</u>	<u>\$ 716.34</u>	<u>\$ 5,712.78</u>
District-wide:							
Invested in Capital Assets, Net of Related Debt	\$ 3,224,804.88	\$ 2,937,850.21	\$ 2,891,549.41	\$ 2,336,392.00	\$ 2,328,527.11	\$ 2,415,397.99	\$ 2,493,174.12
Restricted	2,516,843.80	1,397,248.57	1,289,060.75	1,873,942.20	1,258,084.07	111,742.37	129,046.82
Unrestricted	<u>2,800,131.74</u>	<u>4,868,661.80</u>	<u>5,712,560.79</u>	<u>5,169,178.93</u>	<u>5,404,355.38</u>	<u>5,271,602.13</u>	<u>5,508,645.75</u>
Total District-wide Net Assets	<u>\$ 8,541,780.42</u>	<u>\$ 9,203,760.58</u>	<u>\$ 9,893,170.95</u>	<u>\$ 9,379,513.13</u>	<u>\$ 8,990,966.56</u>	<u>\$ 7,798,742.49</u>	<u>\$ 8,130,866.69</u>

Source: Exhibit A-1

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

	Fiscal Year Ended June 30,						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 1,520,785.75	\$ 1,167,471.32	\$ 1,072,743.22	\$ 972,411.26	\$ 728,936.16	\$ 683,649.31	\$ 630,725.52
Special Education	523,956.56	579,858.87	593,966.76	591,896.32	552,456.37	501,053.76	492,219.40
Other Instruction	9,570.30	23,754.69	32,467.90	23,495.34	11,846.78	19,504.30	15,031.50
Support Services:							
Tuition	1,612,258.46	1,763,082.30	1,536,087.98	1,337,583.20	1,446,704.24	1,850,005.05	811,500.06
Student and Instruction Related Services	531,789.35	668,496.81	547,591.08	572,777.31	371,520.42	365,051.34	329,846.36
School Administrative Services	30,000.00	7,000.00				50.00	185,991.56
General and Business Administrative Services	227,892.81	234,262.05	242,572.60	211,016.81	212,132.91	303,369.26	160,189.37
Plant Operations and Maintenance	322,303.51	336,185.39	321,925.34	318,695.79	238,478.37	248,122.08	248,155.38
Pupil Transportation	296,536.50	290,246.60	251,704.53	285,150.54	284,297.46	283,545.14	245,788.79
Unallocated Benefits	205,618.80	198,125.49	326,296.40	328,835.32	588,619.73	550,082.24	466,798.14
Interest on Long-term Debt							8,382.90
Total Governmental Activities Expenses	<u>5,280,712.04</u>	<u>5,268,483.52</u>	<u>4,925,355.81</u>	<u>4,641,861.89</u>	<u>4,434,992.44</u>	<u>4,804,432.48</u>	<u>3,594,628.98</u>
Business-type Activities:							
Food Service	91,296.08	124,242.10	133,775.49	141,420.30	144,687.53	118,318.73	88,192.48
Total Business-type Activities Expense	<u>91,296.08</u>	<u>124,242.10</u>	<u>133,775.49</u>	<u>141,420.30</u>	<u>144,687.53</u>	<u>118,318.73</u>	<u>88,192.48</u>
Total District Expenses	<u>\$ 5,372,008.12</u>	<u>\$ 5,392,725.62</u>	<u>\$ 5,059,131.30</u>	<u>\$ 4,783,282.19</u>	<u>\$ 4,579,679.97</u>	<u>\$ 4,922,751.21</u>	<u>\$ 3,682,821.46</u>
Program Revenues:							
Governmental Activities:							
Operating Grants and Contributions	\$ 468,811.24	\$ 489,421.42	\$ 751,428.95	\$ 776,011.20	\$ 608,094.25	\$ 480,725.88	\$ 610,051.26
Capital Grants and Contributions							
Total Governmental Activities Program Revenues	<u>468,811.24</u>	<u>489,421.42</u>	<u>751,428.95</u>	<u>776,011.20</u>	<u>608,094.25</u>	<u>480,725.88</u>	<u>610,051.26</u>
Business-type activities:							
Charges for services							
Food service	30,782.21	43,936.75	37,333.14	36,600.93	22,535.66	22,176.30	19,767.15
Operating Grants and Contributions	51,728.60	45,650.95	38,742.83	27,836.16	29,590.75	29,847.22	25,128.78
Total Business-type Activities Program Revenues	<u>82,510.81</u>	<u>89,587.70</u>	<u>76,075.97</u>	<u>64,437.09</u>	<u>52,126.41</u>	<u>52,023.52</u>	<u>44,895.93</u>
Total District Program Revenues	<u>\$ 551,322.05</u>	<u>\$ 579,009.12</u>	<u>\$ 827,504.92</u>	<u>\$ 840,448.29</u>	<u>\$ 660,220.66</u>	<u>\$ 532,749.40</u>	<u>\$ 654,947.19</u>

(Continued)

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

	Fiscal Year Ended June 30,						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net (Expense)/Revenue:							
Governmental Activities	\$ (4,811,900.80)	\$ (4,779,062.10)	\$ (4,173,926.86)	\$ (3,865,850.69)	\$ (3,826,898.19)	\$ (4,323,706.60)	\$ (2,984,577.72)
Business-type Activities	<u>(8,785.27)</u>	<u>(34,654.40)</u>	<u>(57,699.52)</u>	<u>(76,983.21)</u>	<u>(92,561.12)</u>	<u>(66,295.21)</u>	<u>(43,296.55)</u>
Total District-wide Net Expense	<u>\$ (4,820,686.07)</u>	<u>\$ (4,813,716.50)</u>	<u>\$ (4,231,626.38)</u>	<u>\$ (3,942,833.90)</u>	<u>\$ (3,919,459.31)</u>	<u>\$ (4,390,001.81)</u>	<u>\$ (3,027,874.27)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 1,542,274.00	\$ 1,542,274.00	\$ 1,420,116.00	\$ 1,390,116.00	\$ 1,330,829.00	\$ 873,323.00	\$ 1,239,897.00
Taxes Levied for Debt Service						366,523.06	84,986.00
Unrestricted Grants and Contributions	2,576,498.60	2,463,271.35	3,060,603.10	2,485,512.00	3,516,940.00	2,594,168.80	3,926,534.13
Investment Earnings	27,546.71	71,650.23	248,605.66	360,995.54	271,909.39	141,885.68	66,039.06
Other	3,477.65		4,000.00	94,138.40	11,229.64	13,033.71	2,027.68
Cancellation of Receivables/Payables	8,898.84	5,682.10	11,518.13		(18,876.54)		
Transfers	<u>(8,300.00)</u>	<u>34,388.29</u>	<u>(85,000.00)</u>	<u>(76,775.76)</u>	<u>(92,192.89)</u>	<u>7,644.59</u>	<u>(12,519.63)</u>
Total Governmental Activities	<u>4,150,395.80</u>	<u>4,117,265.97</u>	<u>4,659,842.89</u>	<u>4,253,986.18</u>	<u>5,019,838.60</u>	<u>3,996,578.84</u>	<u>5,306,964.24</u>
Business-type Activities:							
Investment Earnings	10.11	40.16	441.31	188.79	81.63	48.77	41.70
Transfers	<u>8,300.00</u>	<u>7,000.00</u>	<u>85,000.00</u>	<u>76,775.76</u>	<u>92,192.89</u>	<u>61,250.00</u>	<u>17,514.96</u>
Total Business-type Activities	<u>8,310.11</u>	<u>7,040.16</u>	<u>85,441.31</u>	<u>76,964.55</u>	<u>92,274.52</u>	<u>61,298.77</u>	<u>17,556.66</u>
Total District-wide	<u>\$ 4,158,705.91</u>	<u>\$ 4,124,306.13</u>	<u>\$ 4,745,284.20</u>	<u>\$ 4,330,950.73</u>	<u>\$ 5,112,113.12</u>	<u>\$ 4,057,877.61</u>	<u>\$ 5,324,520.90</u>
Change in Net Assets:							
Governmental Activities	\$ (661,505.00)	\$ (661,796.13)	\$ 485,916.03	\$ 388,135.49	\$ 1,192,940.41	\$ (327,127.76)	\$ 2,322,386.52
Business-type Activities	<u>(475.16)</u>	<u>(27,614.24)</u>	<u>27,741.79</u>	<u>(18.66)</u>	<u>(286.60)</u>	<u>(4,996.44)</u>	<u>(25,739.89)</u>
Total District	<u>\$ (661,980.16)</u>	<u>\$ (689,410.37)</u>	<u>\$ 513,657.82</u>	<u>\$ 388,116.83</u>	<u>\$ 1,192,653.81</u>	<u>\$ (332,124.20)</u>	<u>\$ 2,296,646.63</u>

Source: Exhibit A-2

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

	Fiscal Year Ended June 30,						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:							
Reserved	\$ 3,015,242.88	\$ 6,120,770.04	\$ 6,654,703.20	\$ 6,729,314.71	\$ 6,526,679.43	\$ 5,310,466.62	\$ 5,594,443.72
Unreserved	<u>274,557.04</u>	<u>250,000.00</u>	<u>290,000.35</u>	<u>250,000.00</u>	<u>100,000.00</u>	<u>61,138.69</u>	<u>362,875.00</u>
Total General Fund	<u>\$ 3,289,799.92</u>	<u>\$ 6,370,770.04</u>	<u>\$ 6,944,703.55</u>	<u>\$ 6,979,314.71</u>	<u>\$ 6,626,679.43</u>	<u>\$ 5,371,605.31</u>	<u>\$ 5,957,318.72</u>
All Other Governmental Funds:							
Reserved							
Unreserved, Reported in:							
Special Revenue Fund	\$ 223.62	\$ 921.22	\$ 100,141.50	\$ 65,946.38	\$ 68,185.07	\$ 68,118.42	\$ 55,158.82
Capital Projects Fund	2,082,126.89	229.94	19,215.90	76,757.31	29,148.91	29,148.91	64,761.43
Debt Service Fund							(366,573.95)
Total All Other Governmental Funds	<u>\$ 2,082,350.51</u>	<u>\$ 1,151.16</u>	<u>\$ 119,357.40</u>	<u>\$ 142,703.69</u>	<u>\$ 97,333.98</u>	<u>\$ 97,267.33</u>	<u>\$ (246,653.70)</u>

Source: Exhibit B-1

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

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Tax Levy	\$ 1,542,274.00	\$ 1,542,274.00	\$ 1,420,116.00	\$ 1,390,116.00	\$ 1,330,829.00	\$ 1,239,846.06	\$ 1,324,883.00	\$ 1,093,473.00	\$ 1,092,081.00	\$ 1,123,199.00
Other Local Revenue	31,024.36	71,650.23	252,605.66	463,133.94	283,139.03	154,919.39	68,066.74	89,964.00	96,462.00	292,104.00
State Sources	1,930,279.05	2,746,736.78	2,885,477.49	2,771,571.36	2,630,429.91	2,637,988.96	2,908,505.53	2,908,196.00	2,459,471.00	2,352,942.00
Federal Sources	1,115,030.79	205,955.99	926,554.56	481,951.84	1,494,604.34	436,905.72	1,628,079.86	433,128.00	1,037,320.00	463,021.00
Total Revenue	4,618,608.20	4,566,617.00	5,484,753.71	5,106,773.14	5,739,002.28	4,469,660.13	5,929,535.13	4,524,761.00	4,685,334.00	4,231,266.00
Expenditures:										
Instruction										
Regular Instruction	1,482,459.75	1,075,193.63	997,474.98	911,404.47	665,899.88	612,499.96	545,654.84	506,088.00	493,177.00	485,811.00
Special Education Instruction	523,956.56	579,858.87	593,966.76	591,896.32	552,456.37	529,072.76	469,552.40	458,325.00	432,728.00	309,531.00
Other Special Instruction				4,672.00	4,627.50					
Other Instruction	9,570.30	23,754.69	32,467.90	18,823.34	7,219.28	19,504.30	15,031.50	14,229.00	16,221.00	12,993.00
Support Services:										
Tuition	1,612,258.46	1,763,082.30	1,536,087.98	1,337,583.20	1,446,704.24	1,850,005.05	834,167.06	1,170,645.00	1,044,696.00	1,093,845.00
Student and Instruction Related Services	531,789.35	668,496.81	547,591.08	572,777.31	371,520.42	292,129.58	285,681.04	414,082.00	328,575.00	379,079.00
School Administrative Services	30,000.00	7,000.00				50.00	185,991.56	30,820.00	25,731.00	24,742.00
Other Administrative Services	226,937.15	222,289.09	231,951.25	205,175.83	203,635.81	292,586.46	149,406.59	256,927.00	269,523.00	247,066.00
Plant Operations and Maintenance	316,525.68	330,582.69	317,115.97	313,963.56	234,521.39	244,718.85	244,752.15	212,476.00	147,943.00	126,253.00
Pupil Transportation	296,536.50	290,246.60	251,704.53	285,150.54	284,297.46	283,545.14	245,788.79	256,489.00	280,903.00	205,556.00
Unallocated Benefits	205,618.80	198,125.49	326,296.40	328,835.32	588,619.73	594,985.00	510,963.46	432,701.00	323,354.00	262,189.00
Debt Service:										
Principal							610,730.00	656,670.00	159,100.00	123,500.00
Interest and Other Charges							9,160.95	37,916.00	42,795.00	84,125.00
Capital Outlay	383,325.26	140,106.97	634,662.44	61,710.50	13,290.00		12,199.00	70,987.00	80,493.00	2,299,458.00
Total Expenditures	5,618,977.81	5,298,737.14	5,469,319.29	4,631,992.39	4,372,792.08	4,719,097.10	4,119,079.34	4,518,355.00	3,645,239.00	5,654,148.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,369.61)	(732,120.14)	15,434.42	474,780.75	1,366,210.20	(249,436.97)	1,810,455.79	6,406.00	1,040,095.00	(1,422,882.00)
Other Financing Sources (Uses):										
Accounts Receivable/Payable Canceled	8,898.84	5,682.10	11,518.13		(18,876.54)	68,894.59				
Transfers In	2,462,941.94	41,388.29					4,995.33		4,000.00	354,000.00
Transfers Out	(2,471,241.94)	(7,000.00)	(85,000.00)	(76,775.76)	(92,192.89)	(61,250.00)	(17,514.96)	(16,000.00)	(15,500.00)	(369,400.00)
Total Other Financing Sources (Uses)	598.84	40,070.39	(73,481.87)	(76,775.76)	(111,069.43)	7,644.59	(12,519.63)	(16,000.00)	(11,500.00)	(15,400.00)
Net Change in Fund Balances	\$ (999,770.77)	\$ (692,049.75)	\$ (58,047.45)	\$ 398,004.99	\$ 1,255,140.77	\$ (241,792.38)	\$ 1,797,936.16	\$ (9,594.00)	\$ 1,028,595.00	\$ (1,438,282.00)
Debt Service as a Percentage of Noncapital Expenditures	-	-	-	-	-	-	15.1%	15.6%	5.7%	6.2%

Source: Exhibit B-2

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

	Fiscal Year Ended June 30,									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Interest Earned on Deposits	\$ 27,546.71	\$ 71,650.23	\$ 248,605.66	\$ 360,995.54	\$ 271,909.39	\$ 141,885.68	\$ 66,039.06	\$ 70,522.00	\$ 88,608.00	\$ 220,833.00
E-Rate Refund						1,320.00				
Refund of Prior Year Disbursement					647.46	9,972.80				
Miscellaneous	<u>3,477.65</u>				<u>10,582.18</u>	<u>1,740.91</u>	<u>2,027.68</u>	<u>14,464.00</u>	<u>7,854.00</u>	<u>22,271.00</u>
Total Miscellaneous Revenues	<u>\$ 31,024.36</u>	<u>\$ 71,650.23</u>	<u>\$ 248,605.66</u>	<u>\$ 360,995.54</u>	<u>\$ 283,139.03</u>	<u>\$ 154,919.39</u>	<u>\$ 68,066.74</u>	<u>\$ 84,986.00</u>	<u>\$ 96,462.00</u>	<u>\$ 243,104.00</u>

Source: District Records

Revenue Capacity Information

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

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
New Hanover Township:												
2010	\$ 1,669,900.00	\$ 41,848,400.00	\$ 4,401,500.00	\$ 12,289,900.00	\$ 88,000.00	\$ -	\$ 60,297,700.00	\$ 863,023.00	\$ 61,160,723.00	\$ 1,052,111,500.00	\$ 96,865,256.00	\$ 1.769
2009	1,903,300.00	41,150,800.00	4,401,500.00	12,414,500.00	88,000.00	-	59,958,100.00	765,255.00	60,723,355.00	1,052,001,500.00	93,449,300.00	1.716
2008	1,947,700.00	40,595,500.00	3,960,800.00	12,141,500.00	88,000.00	-	58,733,500.00	742,389.00	59,475,889.00	1,051,994,100.00	89,491,256.00	1.815
2007	2,272,600.00	36,768,800.00	3,850,800.00	12,141,500.00	88,000.00	-	55,121,700.00	782,285.00	55,903,985.00	1,051,930,000.00	77,151,511.00	1.760
2006	2,513,600.00	35,070,700.00	4,139,600.00	12,191,500.00	88,000.00	-	54,003,400.00	864,029.00	54,867,429.00	1,051,930,000.00	67,679,078.00	1.748
2005	2,542,400.00	34,565,000.00	4,361,100.00	12,153,400.00	88,000.00	-	53,709,900.00	1,024,795.00	54,734,695.00	1,051,850,000.00	61,506,568.00	1.626
2004	2,984,200.00	32,726,200.00	3,676,000.00	11,494,100.00	88,000.00	-	50,968,500.00	1,263,933.00	52,232,433.00	1,051,850,000.00	48,019,735.00	1.488
2003	2,881,800.00	32,564,300.00	3,840,300.00	11,552,200.00	88,000.00	-	50,926,600.00	1,354,802.00	52,281,402.00	1,128,099,999.00	48,072,167.00	1.583
2002	2,105,200.00	27,981,200.00	2,870,100.00	8,156,900.00	77,500.00	-	41,190,900.00	1,326,234.00	42,517,134.00	Unavailable	42,078,628.00	1.557
2001	2,260,200.00	27,059,900.00	3,012,700.00	8,607,400.00	77,500.00	-	41,017,700.00	1,433,880.00	42,451,580.00	1,038,238,199.00	41,763,904.00	1.515
Wrightstown Borough												
2010	\$ 917,300.00	\$ 13,381,650.00	\$ 12,450.00	\$ 9,383,100.00	\$ 252,500.00	\$ 3,229,950.00	\$ 27,176,950.00	\$ -	\$ 27,176,950.00	\$ 16,494,350.00	\$ 43,268,508.00	\$ 1.796
2009	957,450.00	13,108,500.00	12,450.00	9,390,700.00	252,500.00	3,229,950.00	26,951,550.00	-	26,951,550.00	16,658,200.00	47,930,909.00	1.762
2008	839,450.00	12,862,500.00	12,450.00	9,390,700.00	252,500.00	3,229,950.00	26,587,550.00	1,017,166.00	27,604,716.00	17,528,000.00	34,942,679.00	1.581
2007	967,450.00	11,462,800.00	12,450.00	9,565,100.00	252,500.00	3,376,150.00	25,636,450.00	1,021,462.00	26,657,912.00	17,295,300.00	38,893,948.00	1.527
2006	1,070,950.00	10,300,050.00	12,450.00	9,687,300.00	252,500.00	3,451,150.00	24,774,400.00	1,506,526.00	26,280,926.00	17,247,350.00	26,145,412.00	1.530
2005	791,800.00	10,088,050.00	12,450.00	10,059,200.00	302,500.00	3,451,150.00	24,705,150.00	1,542,635.00	26,247,785.00	16,946,800.00	26,119,983.00	1.679
2004	586,500.00	10,008,650.00	12,450.00	10,059,200.00	302,500.00	3,451,150.00	24,420,450.00	1,392,475.00	25,812,925.00	17,215,200.00	26,871,669.00	1.704
2003	599,850.00	10,008,650.00	12,450.00	9,879,000.00	302,500.00	3,451,150.00	24,253,600.00	1,455,953.00	25,709,553.00	17,215,200.00	26,704,339.00	1.826
2002	599,850.00	10,006,650.00	12,450.00	10,177,000.00	302,500.00	3,751,150.00	24,849,600.00	1,991,417.00	26,841,017.00	Unavailable	28,177,734.00	1.504
2001	719,350.00	9,911,150.00	12,450.00	9,727,000.00	302,500.00	3,751,150.00	24,423,600.00	1,437,983.00	25,861,583.00	16,938,800.00	28,462,820.00	1.699

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

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

Source: Burlington County Board of Taxation

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

New Hanover Township:

Year Ended <u>Dec. 31</u>	District Direct Rate			Overlapping Rates				Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u>	General Obligation Debt <u>Service</u>	Total Direct School <u>Tax Rate</u>	Regional High School <u>District</u>	Township of New Hanover	Township of New Hanover <u>Fire District</u>	Burlington <u>County</u>	
2010	\$ 1.769	-	\$ 1.769	-	-	-	\$ 0.600	\$ 2.369
2009	1.716	-	1.716	-	-	-	0.584	2.300
2008	1.815	-	1.815	-	-	-	0.585	2.400
2007	1.760	-	1.760	-	-	-	0.580	2.340
2006	1.748	-	1.748	-	-	-	0.545	2.293
2005	1.145	\$ 0.48	1.626	-	-	-	0.514	2.140
2004	1.393	0.095	1.488	-	-	-	0.371	1.859
2003	1.460	0.123	1.583	-	-	-	0.446	2.029
2002	1.438	0.119	1.557	-	-	-	0.546	2.103
2001	1.460	0.055	1.515	-	-	-	0.549	2.064

Wrightstown Borough:

Year Ended <u>Dec. 31</u>	District Direct Rate			Overlapping Rates				Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u>	General Obligation Debt <u>Service</u>	Total Direct School <u>Tax Rate</u>	Regional High School <u>District</u>	Borough of <u>Wrightstown</u>	Borough of Wrightstown <u>Fire District</u>	Burlington <u>County</u>	
2010	1.796	-	\$ 1.796	-	\$ 0.885	-	\$ 0.619	\$ 3.300
2009	1.762	-	1.762	-	0.829	-	0.691	3.282
2008	1.581	-	1.581	-	-	-	0.507	2.088
2007	1.527	-	1.527	-	-	-	0.613	2.140
2006	1.530	-	1.530	-	-	-	0.459	1.989
2005	1.183	\$ 0.496	1.679	-	-	-	0.471	2.150
2004	1.595	0.109	1.704	-	-	-	0.500	2.204
2003	1.684	0.142	1.826	-	-	-	0.503	2.329
2002	1.389	0.115	1.504	-	-	-	0.541	2.045
2001	1.637	0.062	1.699	-	-	-	0.608	2.307

Source: Municipal Tax Collector

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

New Hanover Township:

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cookstown Hospitality Group	\$ 3,800,000.00	1	6.21%			
A-1 Lock-n-Store Inc.	1,529,000.00	2	2.50%	\$ 662,500.00	3	1.57%
Andrews Federal Credit Union	1,200,000.00	3	1.96%			
Clayton Block Co. LLC	897,000.00	4	1.47%			
Verizon of New Jersey	863,000.00	5	1.41%			
Drytech Inc	659,400.00	6	1.08%			
Renhan, LLC	609,400.00	7	1.00%			
Haas, Carli Clayton & Damian	518,500.00	8	0.85%			
Treasurer Island New Hanover S S LLC Individual	459,200.00	9	0.75%			
McGuire Federal Credit Union	401,400.00	10	0.66%	2,245,700.00	1	5.32%
Emerald Hotel Developers				2,025,500.00	2	4.80%
Satellite Lounge				535,000.00	4	1.27%
Taxpayer #1				508,500.00	5	1.20%
Amoco Oil Company				281,600.00	6	0.67%
Anthony & Lea Jones				273,400.00	7	0.65%
First Union Bank				263,100.00	8	0.62%
Exxon Corporation				251,900.00	9	0.60%
Taxpayer #2				245,000.00	10	0.58%
Total	\$ 10,936,900.00		17.88%	\$ 7,292,200.00		17.27%

Borough of Wrightstown:

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Wrightstown Enterprises, Inc	\$ 1,740,100.00	1	6.40%			
LCL Wrightstown, LLC	1,700,000.00	2	6.26%			
Wrightstown Association	1,050,000.00	3	3.86%	\$ 1,154,500.00	3	4.48%
Govardhan Corp.	1,025,000.00	4	3.77%			
Bell Atlantic	767,550.00	5	2.82%			
The Nissim Family, LLC	576,400.00	6	2.12%			
McDonald's Corp.	450,000.00	7	1.66%			
The Southland Corporation	361,500.00	8	1.33%	365,650.00	6	1.42%
Majestic Empire Holdings, LLC Individual	359,800.00	9	1.32%			
LCL Income Properties	272,900.00	10	1.00%	1,495,550.00	1	5.80%
Emerald Hotel Developers IV				1,493,400.00	2	5.79%
Taxpayer #1				587,450.00	4	2.28%
FFCA/IIP 1085 Prop. Company				394,150.00	5	1.53%
Taxpayer #2				246,900.00	7	0.96%
Taxpayer #3				245,450.00	8	0.95%
Summerwood Pine Association				204,100.00	9	0.79%
Servair c/o Dynair Service Incorporated				203,950.00	10	0.79%
Total	\$ 8,303,250.00		30.55%	\$ 6,391,100.00		24.78%

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2010	\$ 1,542,274.00	\$ 1,542,274.00	100.00%	
2009	1,542,274.00	1,542,274.00	100.00%	
2008	1,420,116.00	1,420,116.00	100.00%	
2007	1,390,116.00	1,390,116.00	100.00%	
2006	1,330,829.00	1,330,829.00	100.00%	
2005	1,239,846.06	1,239,672.06	99.99%	\$ 174.00
2004	1,324,883.00	1,262,312.00	95.28%	62,571.00
2003	1,093,473.00	1,030,902.00	94.28%	62,571.00
2002	1,092,081.00	1,092,081.00	100.00%	-
2001	1,123,199.00	1,123,199.00	100.00%	-

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

Source: District Records

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2010	-	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	-	-	0.00%	-
2006	-	-	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	-	-	0.00%	-
2003	-	-	-	\$ 610,730.00	-	\$ 610,730.00		0.15%	\$ 57.88
2002	-	-	-	1,267,400.00	-	1,267,400.00		0.33%	123.40
2001	-	-	-	1,426,500.00	-	1,426,500.00		0.37%	135.97

Sources:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds and Notes	Deductions	Net General Bonded Debt Outstanding (1)		
2010	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2003	\$ 610,730.00	-	\$ 610,730.00	0.78%	\$ 58.75
2002	1,267,400.00	-	1,267,400.00	1.86%	120.11
2001	1,426,500.00	-	1,426,500.00	2.10%	138.89

Sources:

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

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Municipality</u>
Municipal Debt: (1)				
New Hanover Township	\$ 149,839.00		\$ 149,839.00	\$ 149,839.00
Wrightstown Borough	1,482,035.00	\$ 150,000.00	1,332,035.00	1,332,035.00
	<u>1,631,874.00</u>	<u>150,000.00</u>	<u>1,481,874.00</u>	<u>1,481,874.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	264,223,644.00	35,360,585.00 (3)	228,863,059.00	613,099.47 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	250,800,000.00	250,800,000.00		
Solid Waste Utility	81,865,434.00	81,865,434.00 (4)		
	<u>596,889,078.00</u>	<u>368,026,019.00</u>	<u>228,863,059.00</u>	<u>613,099.47</u>
	<u>\$ 598,520,952.00</u>	<u>\$ 368,176,019.00</u>	<u>\$ 230,344,933.00</u>	<u>\$ 2,094,973.47</u>

Sources:

- (1) 2009 Annual Debt Statement
- (2) County's 2009 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Municipality's share of the total 2009 Equalized Value, which is .27%.

The source for this computation was the 2009 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis (1)			
	Township of <u>New Hanover</u>	Borough of <u>Wrightstown</u>	<u>Total</u>
2009	\$ 94,960,564	\$ 42,909,649	\$ 137,870,213
2008	90,387,042	47,283,567	137,670,609
2007	82,939,663	32,451,203	<u>115,390,866</u>
		[A]	<u>\$ 390,931,688</u>
	Average equalized valuation of taxable property	[A/3]	\$ 130,310,563
	Debt limit (3% of average equalization value) (2)	[B]	3,909,317
	Total Net Debt Applicable to Limit	[C]	<u>-</u>
	Legal Debt Margin	[B-C]	<u>\$ 3,909,317</u>

	Fiscal Year Ended June 30,									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt limit	\$ 3,909,316.88	\$ 3,637,359.42	\$ 3,168,866.13	\$ 2,830,642.81	\$ 2,443,556.00	\$ 1,398,150.63	\$ 1,333,521.66	\$ 1,963,838.00	\$ 1,984,704.00	\$ 2,010,139.00
Total net debt applicable to limit (3)	-	-	-	-	-	-	-	610,730.00	1,267,400.00	-
Legal debt margin	<u>\$ 3,909,316.88</u>	<u>\$ 3,637,359.42</u>	<u>\$ 3,168,866.13</u>	<u>\$ 2,830,642.81</u>	<u>\$ 2,443,556.00</u>	<u>\$ 1,398,150.63</u>	<u>\$ 1,333,521.66</u>	<u>\$ 1,353,108.00</u>	<u>\$ 717,304.00</u>	<u>\$ 2,010,139.00</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	31.10%	63.86%	0.00%

Sources:

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2009	10,164	Unavailable	Unavailable	9.0%
2008	10,170	\$ 473,555,880.00	\$ 46,564.00	5.9%
2007	10,222	464,722,786.00	45,463.00	4.4%
2006	10,196	444,045,996.00	43,551.00	4.2%
2005	10,237	724,728,415.00	70,795.00	3.2%
2004	10,395	411,704,370.00	39,606.00	2.6%
2003	10,552	400,786,064.00	37,982.00	3.0%
2002	10,271	383,098,029.00	37,299.00	4.6%
2001	10,491	387,243,792.00	36,912.00	2.0%
2000	10,492	370,147,268.00	35,279.00	2.9%

Sources:

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

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

New Hanover Township:

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Employer 1	-	1		-	1	
Employer 2	-	2		-	2	
Employer 3	-	3		-	3	
Employer 4	-	4		-	4	
Employer 5	-	5		-	5	
Employer 6	-	6		-	6	
Employer 7	-	7		-	7	
Employer 8	-	8		-	8	
Employer 9	-	9		-	9	
Employer 10	-	10		-	10	
	-			-		
	(1)		(1)	(1)		(1)

Wrightstown Borough:

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Employer 1	-	1		-	1	
Employer 2	-	2		-	2	
Employer 3	-	3		-	3	
Employer 4	-	4		-	4	
Employer 5	-	5		-	5	
Employer 6	-	6		-	6	
Employer 7	-	7		-	7	
Employer 8	-	8		-	8	
Employer 9	-	9		-	9	
Employer 10	-	10		-	10	
	-			-		
	(1)		(1)	(1)		(1)

(1) Unavailable
Source: Individual Employers

Operating Information

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

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Instruction										
Regular	18	18	16	16	16	-	-	-	-	-
Special education	1	1	2	2	2	-	-	-	-	-
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition					-	-	-	-	-	-
Student & instruction related services	2	2	3	1	2	-	-	-	-	-
General administrative services	1	1	3	3	1	-	-	-	-	-
School administrative services	-	-	1	1	2	-	-	-	-	-
Business administrative services	-	3	-	-	-	-	-	-	-	-
Plant operations and maintenance	2	2	3	2	2	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Community Education and Recreation	-	-	-	-	-	-	-	-	-	-
Total	<u>24</u>	<u>27</u>	<u>28</u>	<u>25</u>	<u>25</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>

(1) Unavailable

Source: District Records

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30.	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	163	\$ 5,235,652.55	\$ 32,120.57	0.25%	24	9.60	n/a	164	153	5.48%	93.46%
2009	161	5,158,630.17	32,041.18	-2.58%	24	8.00	n/a	155	147	0.00%	95.10%
2008	147	4,834,656.85	32,888.82	26.65%	23	8.00	n/a	155	143	-5.49%	92.26%
2007	176	4,570,281.89	25,967.51	-17.20%	27	10.25	n/a	164	155	11.56%	94.51%
2006	139	4,359,502.08	31,363.32	-2.30%	23	8.00	n/a	147	140	-2.00%	95.24%
2005	147	4,719,097.10	32,102.70	50.99%	23	10.00	n/a	150	143	-9.09%	95.33%
2004	164	3,486,989.39	21,262.13	-4.82%	23	10.00	n/a	165	155	1.23%	93.94%
2003	168	3,752,782.00	22,337.99	2.30%	20	16.00	n/a	163	154	-3.55%	94.48%
2002	154	3,362,851.00	21,836.69	76.24%	21	16.00	n/a	169	159	-33.46%	94.08%
2001	254	3,147,065.00	12,390.02	26.26%	19	12.50	n/a	254	242	4.53%	95.28%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
District Building										
Elementary										
New Hanover Elementary (1939)										
Square Feet	35,582	35,582	35,582	35,582	35,582	35,582	35,582	35,582	35,582	35,582
Capacity (students)	176	176	176	176	176	176	176	176	176	176
Enrollment	163	161	147	176	139	147	164	168	154	254

Number of Schools at June 30, 2010

Elementary = 1
 Middle School = 0
 High School = 0
 Other = 0

Source: District Records

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Nine Fiscal Years
Unaudited

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,								
		2010	2009	2008	2007	2006	2005	2004	2003	2002
New Hanover Elementary School	n/a	\$ 80,822.29	\$ 57,352.68	\$ 64,199.71	\$ 47,627.00	\$ 65,060.70	\$ 71,277.61	\$ 63,854.27	\$ 54,213.00	\$ 43,333.00
Total School Facilities		80,822.29	57,352.68	64,199.71	47,627.00	65,060.70	71,277.61	63,854.27	54,213.00	43,333.00
Other Facilities		-	-	-	-	-	-	-	-	-
Grand Total		\$ 80,822.29	\$ 57,352.68	\$ 64,199.71	\$ 47,627.00	\$ 65,060.70	\$ 71,277.61	\$ 63,854.27	\$ 54,213.00	\$ 43,333.00

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

Source: District Records

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
 Insurance Schedule
 June 30, 2010
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
School Package Policy:		
Blanket Real & Personal Property	\$ 7,422,915.00	\$ 1,000.00
Electronic Data Processing Coverage	300,000.00	1,000.00
Equipment Breakdown	100,000,000.00	1,000.00
Crime - Public Employee Dishonesty	250,000.00	1,000.00
Comprehensive General Liability	(A) 16,000,000.00	1,000.00
Workers Compensation	2,000,000.00	
Professional Liability	16,000,000.00	5,000.00
Automobile Liability	16,000,000.00	
School Leaders Liability	16,000,000.00	5,000.00
Student Accident Insurance	5,000,000.00	
Bonds:		
Business Administrator/Board Secretary	2,000.00	
Treasurer of School Fund	275,000.00	

(A) Combined single limit

Source: District Records

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Township of New Hanover School District
County of Burlington
122 Fort Dix Street
Wrightstown, New Jersey 08562

Compliance

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

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

In our opinion, the Township of New Hanover School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 04-04-OMB, which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings—Financial, Compliance and Performance as findings no.: 2010-09, 2010-10, 2010-11 and 2010-12.

Internal Control Over Compliance

Management of the Township of New Hanover School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

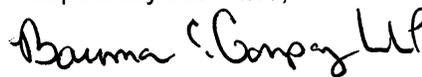
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We identified certain deficiencies in internal control over compliance that we consider to be material weaknesses as described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings—Financial, Compliance and Performance as findings 2010-09 and 2010-10. However, we did not identify any other deficiencies in internal control over compliance that we consider to be significant deficiencies. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

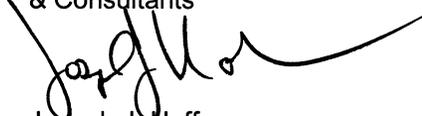
The Township of New Hanover School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
March 14, 2011

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

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2009	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2010			
				From	To							(Accounts Receivable)	Deferred Revenue	Due to (from) Grantor	
General Fund:															
U.S. Department of Defense															
P.L. 103-382 Impact Aid	84.041	N/A	\$ 186,521.00	9-1-09	8-31-10			\$ 186,521.00				\$ 186,521.00			
P.L. 103-382 Impact Aid	84.041	N/A	186,521.00	9-1-08	8-31-09			186,521.00				186,521.00			
P.L. 103-382 Impact Aid	84.041	N/A	404,196.00	9-1-07	8-31-08	\$ 404,196.00						404,196.00			
P.L. 103-382 Impact Aid	84.041	N/A	186,521.00	9-1-06	8-31-07	186,521.00						186,521.00			
P.L. 103-382 Impact Aid	84.041	N/A	693,494.00	9-1-05	8-31-06	462,945.00		230,549.00				693,494.00			
P.L. 103-382 Impact Aid	84.041	N/A	720,361.00	9-1-04	8-31-05	720,361.00						720,361.00			
P.L. 103-382 Impact Aid	84.041	N/A	676,081.00	9-1-03	8-31-04	676,081.00						676,081.00			
P.L. 103-382 Impact Aid	84.041	N/A	658,202.00	9-1-02	8-31-03	658,202.00						658,202.00			
P.L. 103-382 Impact Aid	84.041	N/A	826,490.00	9-1-01	8-31-02	826,490.00						826,490.00			
P.L. 103-382 Impact Aid	84.041	N/A	448,748.00	9-1-00	8-31-01	448,748.00			\$ 299,701.48			149,046.52			
P.L. 103-382 Impact Aid - Prior Years	84.041	N/A	2,248,274.00			341,128.63			341,128.63						
U.S. Department of Education Passed-through															
State Department of Education:															
ARRA - ESF Equalization Aid	84.394	N/A	334,529.00	7-1-09	6-30-10			334,529.00	334,529.00						
ARRA - GSF Equalization Aid	84.397	N/A	12,950.00	7-1-09	6-30-10			12,950.00	12,950.00						
Total General Fund						<u>4,724,672.63</u>	<u>-</u>	<u>951,070.00</u>	<u>988,309.11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,687,433.52</u>	<u>-</u>	
Special Revenue Fund:															
U.S. Department of Education Passed-through															
State Department of Education:															
N.C.L.B.:															
Title I	84.010	NCLB354010	92,247.00	9-1-09	8-31-10			68,884.00	78,476.00			\$ (23,363.00)	13,771.00		
Title I	84.010	NCLB354009	91,133.00	9-1-08	8-31-09	(47,986.26)		61,596.00	13,609.74						
Title I	84.010	NCLB354008	98,421.00	9-1-07	8-31-08	14,899.11								\$ 14,899.11	
ARRA - Title I Part A	84.389	NCLB354010	36,533.00	9-1-09	8-31-11			7,332.00				(29,201.00)	36,533.00		
Title II Part A	84.367	NCLB354010	50,345.00	9-1-09	8-31-10			49,424.00	49,424.00			(921.00)	921.00		
Title II Part A	84.367	NCLB354009	49,848.00	9-1-08	8-31-09	(13,843.00)		13,843.00	694.00			(694.00)			
Title II Part A	84.367	NCLB354008	50,307.00	9-1-07	8-31-08	1,246.00								1,246.00	
Title II Part A	84.367	NCLB354004	54,853.00	9-1-03	8-31-04	2,692.54								2,692.54	
Title II Part D	84.318	NCLB354010	930.00	9-1-09	8-31-10			667.00	667.00			(263.00)	263.00		
Title II Part D	84.318	NCLB354009	757.00	9-1-08	8-31-09	(757.00)		757.00							
Title IV	84.186	NCLB354010	1,405.00	9-1-09	8-31-10				784.00			(1,405.00)	621.00		
Title IV	84.186	NCLB354009	1,502.00	9-1-08	8-31-09	(1,500.00)		962.00	2.00			(540.00)			
Title IV	84.186	NCLB354008	2,337.00	9-1-07	8-31-08	1,462.00								1,462.00	
Title V	84.298	NCLB354008	488.00	9-1-07	8-31-08	20.80								20.80	
Title V	84.298	NCLB354007	514.00	9-1-06	8-31-07	328.74								328.74	
I.D.E.I.A. Part B:															
Basic & Capacity	84.027	FT354010	90,172.00	9-1-09	8-31-10		\$ 6,800.00		9,998.07			(90,172.00)	86,973.93		
Basic & Capacity	84.027	FT354009	90,799.00	9-1-08	8-31-09	(75,251.73)	(6,800.00)	63,461.00	10,305.98	\$ 1,560.00		(27,338.00)		1.29	
Basic & Capacity	84.027	FT354008	87,945.00	9-1-07	8-31-08	1,699.79								1,699.79	
Basic & Capacity	84.027	FT354007	86,059.00	9-1-06	8-31-07	25.11								25.11	
Basic & Capacity	84.027	FT354006	83,970.00	9-1-05	8-31-06	42,650.56								42,650.56	
Basic & Capacity	84.027	FT354005	78,722.00	9-1-04	8-31-05	3,782.72								3,782.72	
ARRA - Basic & Capacity	84.391	FT354010	72,331.00	9-1-09	8-31-11							(72,331.00)	72,331.00		
Pre-School	84.173	PS354010	2,648.00	9-1-09	8-31-10		885.00					(2,648.00)	3,533.00		
Pre-School	84.173	PS354009	2,655.00	9-1-08	8-31-09	(1,770.00)	(885.00)	1,770.00				(885.00)			
Pre-School	84.173	PS354008	2,771.00	9-1-07	8-31-08	1,386.00								1,386.00	
Pre-School	84.173	PS354007	2,764.00	9-1-06	8-31-07	2,191.60								2,191.60	
Pre-School	84.173	PS354006	4,110.00	9-1-05	8-31-06	4,110.00								4,110.00	
ARRA - Pre-School	84.392	PS354010	2,611.00	9-1-09	8-31-11							(2,611.00)	2,611.00		
Total Special Revenue Fund						<u>(64,613.02)</u>	<u>-</u>	<u>268,696.00</u>	<u>163,960.79</u>	<u>1,560.00</u>	<u>-</u>	<u>(252,372.00)</u>	<u>217,557.93</u>	<u>76,496.26</u>	
Enterprise Fund:															
U.S. Department of Agriculture:															
Food Distribution Program	10.555	Unavailable	8,282.46	7-1-09	6-30-10			8,282.46	6,542.48				1,739.98		
Food Distribution Program	10.555	Unavailable	9,194.83	7-1-08	6-30-09	2,124.70			2,124.70						
U.S. Department of Agriculture:															
Passed-through State Department of Education:															
National School Breakfast Program	10.553	Unavailable	8,363.06	7-1-09	6-30-10			6,602.02	8,363.06			(1,761.04)			
National School Breakfast Program	10.553	Unavailable	7,405.25	7-1-08	6-30-09	(2,161.10)		1,628.35				(532.75)			
National School Lunch Program	10.555	Unavailable	32,781.60	7-1-09	6-30-10			26,683.27	32,781.60			(6,098.33)			
National School Lunch Program	10.555	Unavailable	27,979.65	7-1-08	6-30-09	(7,757.28)		5,825.05				(1,932.23)			
Total U.S. Department of Agriculture						<u>(7,793.68)</u>	<u>-</u>	<u>49,021.15</u>	<u>49,811.84</u>	<u>-</u>	<u>-</u>	<u>(10,324.35)</u>	<u>1,739.98</u>	<u>-</u>	
Total Enterprise Fund						<u>(7,793.68)</u>	<u>-</u>	<u>49,021.15</u>	<u>49,811.84</u>	<u>-</u>	<u>-</u>	<u>(10,324.35)</u>	<u>1,739.98</u>	<u>-</u>	
Total Federal Financial Assistance						<u>\$4,652,265.93</u>	<u>-</u>	<u>\$1,268,787.15</u>	<u>\$1,202,081.74</u>	<u>\$ 1,560.00</u>	<u>-</u>	<u>#####</u>	<u>\$4,906,731.43</u>	<u>\$ 76,496.26</u>	

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

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Year Ended June 30, 2010

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2009			Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2010			Memo	
					Deferred Revenue / Accounts Receivable	Due to Grantor	(Accounts Receivable)						Deferred Revenue/ Interfunds Payable	Due to Grantor	Budgetary Receivable June 30, 2010	Cumulative Total Expenditures	
General Fund:																	
Current Expense:																	
Equalization Aid	09-495-034-5120-078	\$ 1,647,923.00	7-1-08	6-30-09	\$ (130,381.05)			\$ 130,381.05									
Equalization Aid	10-495-034-5120-078	1,143,294.00	7-1-09	6-30-10				1,013,803.05	\$ 1,143,294.00								
Transportation Aid	09-495-034-5120-014	142,678.00	7-1-08	6-30-09	(11,288.46)			11,288.46									
Transportation Aid	10-495-034-5120-014	108,594.00	7-1-09	6-30-10				96,294.50	108,594.00								
Special Education Aid	09-495-034-5120-089	122,088.00	7-1-08	6-30-09	(9,659.41)			9,659.41									
Special Education Aid	10-495-034-5120-089	137,131.00	7-1-09	6-30-10				121,599.37	137,131.00								
Security Aid	09-495-034-5120-084	23,952.00	7-1-08	6-30-09	(1,895.04)			1,895.04									
Security Aid	10-495-034-5120-084	26,045.00	7-1-09	6-30-10				23,095.11	26,045.00								
Adjustment Aid	09-495-034-5120-085	607,557.00	7-1-08	6-30-09	(48,068.94)			48,068.94									
Adjustment Aid	10-495-034-5120-085	190,874.00	7-1-09	6-30-10				169,255.37	190,874.00								
Adult Education Aid	09-495-034-5120-077	1,116.00	7-1-08	6-30-09	(88.30)			88.30									
Extraordinary Special Education Aid	09-495-034-5120-473	16,780.00	7-1-08	6-30-09	(16,780.00)			16,780.00									
T.P.A.F. Social Security Aid	09-495-034-5095-002	109,710.49	7-1-08	6-30-09	(26,610.55)			26,610.55									
T.P.A.F. Social Security Aid	10-495-034-5095-002	111,768.80	7-1-09	6-30-10				37,273.24	111,768.80								
Total General Fund					(244,771.75)	-	-	1,706,092.39	1,717,706.80	-	-	(256,386.16)	-	-	(181,890.60)	1,717,706.80	
Special Revenue Fund:																	
Nonpublic Aid:																	
Textbook Aid (Ch. 194)	09-100-034-5120-064	5,204.00	7-1-08	6-30-09		\$ 708.15						\$ 708.15					
Textbook Aid (Ch. 194)	10-100-034-5120-064	4,297.00	7-1-09	6-30-10				4,297.00	4,297.00								4,297.00
Nursing	10-100-034-5120-070	5,095.00	7-1-09	6-30-10				5,095.00	5,095.00								5,095.00
Auxiliary Services (Ch. 192)																	
Compensatory Education	09-100-034-5120-067	37,823.00	7-1-08	6-30-09		11,845.67											
Compensatory Education	10-100-034-5120-067	24,952.00	7-1-09	6-30-10				24,952.00	17,368.76								17,368.76
Transportation	09-100-034-5120-067	4,300.00	7-1-08	6-30-09		1,135.39											
Transportation	10-100-034-5120-067	1,778.00	7-1-09	6-30-10				1,778.00	2,115.69								2,115.69
Handicapped Services (Ch. 193)																	
Examination and Classification	09-100-034-5120-066	9,671.00	7-1-08	6-30-09		760.15											
Examination and Classification	10-100-034-5120-066	8,958.00	7-1-09	6-30-10				8,958.00	6,946.76								6,946.76
Supplementary Instruction	09-100-034-5120-066	7,434.00	7-1-08	6-30-09		1,982.40											
Supplementary Instruction	10-100-034-5120-066	8,761.00	7-1-09	6-30-10				8,761.00	3,743.08								3,743.08
Corrective Speech	09-100-034-5120-066	11,160.00	7-1-08	6-30-09		651.00											
Corrective Speech	10-100-034-5120-066	17,934.00	7-1-09	6-30-10				17,934.00	7,890.96								7,890.96
Preschool Education Aid	09-495-034-5120-086	50,777.00	7-1-08	6-30-09	921.22			2,844.80									
Preschool Education Aid	10-495-034-5120-086	52,472.00	7-1-09	6-30-10				48,929.60	52,472.00								52,472.00
Distance Learning Network Aid	03-100-034-5120-051	12,014.00	7-1-02	6-30-03	3,517.43												
Total Special Revenue Fund					4,438.65	17,082.76	-	123,549.40	99,929.25	(34.76)	17,048.00	(3,542.40)	7,283.45	24,317.75	(3,542.40)	99,929.25	
Enterprise Fund:																	
State School Breakfast Aid	09-100-010-3350-021	755.80	7-1-08	6-30-09	(209.60)			159.60				(50.00)					
State School Breakfast Aid	10-100-010-3350-021	723.10	7-1-09	6-30-10				576.20	723.10			(146.90)					723.10
State School Lunch Aid	09-100-010-3350-023	1,505.38	7-1-08	6-30-09	(406.24)			306.10				(100.14)					
State School Lunch Aid	10-100-010-3350-023	1,578.38	7-1-09	6-30-10				1,289.82	1,578.38			(288.56)					1,578.38
Total Enterprise Fund					(615.84)	-	-	2,331.72	2,301.48	-	-	(585.60)	-	-	-	2,301.48	
Total State Financial Assistance					\$ (240,948.94)	\$ 17,082.76	-	\$ 1,831,973.51	\$ 1,819,937.53	\$ (34.76)	\$ 17,048.00	\$(260,514.16)	\$ 7,283.45	\$ 24,317.75	\$(185,433.00)	\$ 1,819,937.53	

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

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

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of New Hanover School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

There is no adjustment required to reconcile expenditures from the budgetary basis to the GAAP basis for the general fund or the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 988,309.11	\$ 1,717,706.80	\$ 2,706,015.91
Special Revenue	163,960.79	99,929.25	263,890.04
Food Service	49,811.84	2,301.48	52,113.32
Total Awards and Financial Assistance	<u>\$ 1,202,081.74</u>	<u>\$ 1,819,937.53</u>	<u>\$ 3,022,019.27</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent minor differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2008-2009.

Note 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2010.

Note 7: MAJOR PROGRAMS

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

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

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Qualified

Internal control over financial reporting:

Material weaknesses identified? x yes no

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

Noncompliance material to financial statements noted? x yes no

Federal Awards

Internal control over compliance:

Material weaknesses identified? yes x no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.041</u>	<u>Impact Aid</u>
<u>84.394</u>	<u>ARRA - ESF</u>
<u>84.397</u>	<u>ARRA - GSF</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes x no

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

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2010-1

Criteria or Specific Requirement

Effective internal controls, N.J.S.A. 18A:4-14 and N.J.A.C 6A:23-2.1 require that the New Jersey school districts maintain bookkeeping consistent with the financial accounting and classifications established by the National Center of Education Statistics and accounting principles generally accepted in the United States of America.

Condition

A double entry accounting system was not properly maintained during the fiscal year and postings were not being made timely.

Context

Not applicable.

Effect

That control over the financial accounts and records is not effective to reduce the likelihood that errors of a material nature could occur and not be detected.

Cause

The responsible official simply did not comply.

Recommendation

That a double entry accounting system be properly utilized as required by N.J.S.A. 18A:4-14 and N.J.A.C. 6A:23-2.1 and that postings be made on a timely basis.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-2

Criteria or Specific Requirement

In accordance with N.J.A.C. 6A:23A-16.2(f), Districts are required to follow "The Uniform Chart of Accounts for New Jersey Public Schools" and the "Budget Guidelines" as promulgated by the State Department of Education with regard to proper classification and charging of expenditures. N.J.S.A. 18A:19 et. seq. requires that prior to payment, all claims must have a detailed bill of items.

Condition

Our audit of expenditures revealed the following:

1. Fourteen disbursements were not charged to the proper budgetary account.
2. We were unable to locate vouchers or support for fifteen disbursements tested.
3. There was no task specific documentation to determine if split salaries were charged properly.
4. Some non-salary items were charged to salary accounts.
5. Some salary items were charged to non-salary accounts.
6. Some administrative salaries were not charged to the correct administrative line.
7. Employee benefits were all charged to instruction as opposed to undistributed expenditures.

Context

From a sample of \$48,466.00, errors were found totaling \$13,376.00. These errors when projected over the population resulted in an estimated amount of incorrect budgetary charges of \$242,593.00.

Effect

There is a lack of compliance with the state regulations and a lack of control over expenditures and the budget.

Cause

The responsible official simply did not comply.

Recommendation

That the New Jersey Administrative Code 6A:23A-16.2(f) and New Jersey Statute 18A:19 et. seq., be fully adhered to with regard to budget charges and the required detail of bills.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-3

Criteria or Specific Requirement

The State Department of Education's Audit Program and a proper system of internal control require an approval process over the payroll and payroll reporting. N.J.A.C. 6A:23A-6.8 requires the District to maintain a Position Control Roster with various required information.

Condition

Our audit of the payroll records revealed the following:

1. Several payrolls were not approved by the Superintendent and certified by the Business Administrator and Board President.
2. The position control roster did not include all of the required information.
3. All four quarterly PERS and TPAF reports were not available for audit.
4. Two of the quarterly NJ-927 reports were not available for audit.
5. We were unable to locate supporting documentation for the third quarter 941 report.
6. Twenty-three of the twenty-four biweekly reimbursement forms were filed late.
7. Twenty-three of the twenty-four biweekly reimbursement forms did not have supporting documentation.

Context

Not applicable.

Effect

There is a lack of compliance with state regulations and a lack of control over payroll reporting.

Cause

The responsible official simply did not comply.

Recommendation

That all payrolls be certified by the Board Secretary and Board President and approved by the Superintendent; that the Position Control Roster be updated and maintained with the proper information; and that controls be established and implemented to ensure the proper and timely filing of all payroll reports.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-4

Criteria or Specific Requirement

N.J.A.C. 6A:23A-6.5(b) requires the Business Administrator to identify processes that when performed by the same individuals are a violation of sound segregation of duties.

Condition

The Business Administrator failed to segregate the duties of the business office.

Context

Not applicable.

Effect

That control over the financial accounts and records is not effective to reduce the likelihood that errors of a material nature could occur and not be detected.

Cause

There was a lack of oversight by the responsible official.

Recommendation

That internal controls allowing for segregation of duties be established.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-5

Criteria or Specific Requirement

Various sections of the New Jersey Administrative Code and New Jersey Statutes require the following:

1. N.J.S.A. 18A:22-8 requires that the adopted detailed budget be spread full in the minutes.
2. N.J.S.A. 18A:19-4 requires that all claims be approved prior to payment and that the minutes include a list of claims approved for payment by the Board.
3. N.J.A.C. 6A:23A-16.2 requires acknowledgement of the audit firms peer review report in the minutes.
4. The Audit Program and Audit Questionnaire as issued by the State Department of Education requires the following:
 - a. The minutes to be bound with pre-numbered pages and marginal notations.
 - b. The minutes to be signed by the Board Secretary.

Condition

A review of the minutes revealed the following:

1. They were not bound or maintained in an acceptable loose-leaf type book with pre-numbered pages and marginal notations.
2. They were not properly signed by the Board Secretary.
3. The finally adopted budget and adjusted budget were not spread full in the minutes.
4. They did not include a detail list of claims approved for payment. They merely approved a total amount.
5. They did not include the Board's acknowledgement of the audit firm's peer review report.
6. Several of the monthly meeting minutes have not yet been approved.

Context

Not applicable.

Effect

There is a lack of compliance with state regulations, the Audit Program and Audit Questionnaire as issued by the State Department of Education.

Cause

The responsible official simply did not comply.

Recommendation

That the New Jersey Administrative Code, the New Jersey Statutes and the Department of Education Audit Program be fully adhered to as they pertain to the maintenance of the minute record.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-6

Criteria or Specific Requirement

In accordance with the State Department of Education's Audit Program, Audit Questionnaire and the individual grant agreements, unexpended balances of federal grants are required to be remitted back to the State Department of Education during the year that the final close-out report is filed. Additionally, the annual TPAF Reimbursement Report is required to be filed by the October 1 following the fiscal year end.

Condition

Prior year unspent balances of federal programs were not remitted to the State Department of Education and the TPAF reimbursement to the State was not filed.

Context

The total amount that should be refunded to the State Department of Education is \$76,496.26.

Effect

The District is not adhering to the requirements and has the use of cash which is not theirs.

Cause

The responsible official simply did not comply.

Recommendation

That all balances that are identified on audit schedule "A" as "due to grantor" be remitted to the State Department of Education and that the TPAF Reimbursement Report for the fiscal year ended June 30, 2010 be filed.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-7

Criteria or Specific Requirement

N.J.S.A. 18A:23-5 requires that the School Business Administrator submit a certification to the Single/Grants Audit unit, Office of Compliance when all corrective actions have been fully implemented, by no later than June 30 of the subsequent year.

Condition

There is no evidence that the certification that all corrective actions had been fully implemented was submitted.

Context

Not applicable.

Effect

There is a lack of compliance with the state regulations.

Cause

The responsible official simply did not comply.

Recommendation

That the New Jersey Statute regarding the certification that corrective action has been taken on all prior year findings, be adhered to.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2010-8

Criteria or Specific Requirement

Internal Revenue Service Publication 15-A sets forth certain criteria to determine whether an individual is to be paid as an employee or independent contractor.

Condition

The contract with the Interim-Superintendent allowed for compensation both as an employee and an independent contractor.

Context

Not applicable.

Effect

The district did not adhere to IRS Regulations and could be liable for payroll taxes.

Cause

There was a lack of oversight by the responsible official.

Recommendation

That all payments made to employees be paid through the payroll account as salary and not through the general account as a contracted service.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None.

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

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

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

Finding No. 2010-9

Information on the State Program

State Aid Public:

Equalization Aid (GMIS 495-034-5120-078)

Special Education Aid (GMIS 495-034-5120-089)

Security Aid (GMIS 495-034-5120-084)

Adjustment Aid (GMIS (495-034-5120-085)

Criteria or Specific Requirement

N.J.A.C. 6A:23A-16.10 states that a district board of education shall only approve an encumbrance or expenditure that, when added to the total of existing encumbrances and expenditures, does not exceed the amount appropriated by the district board of education in the applicable line account established.

Condition

Several budgetary line accounts were over-expended during the fiscal year and at June 30 despite the Board Secretary's monthly certification to the contrary.

Questioned Costs

None.

Context

The 2009-10 modified budget totaled \$5,245,843.15. There were 26 budgetary line items were over-expended at fiscal-year end totaling \$637,752.64 and the total unexpended balance of budget appropriations was \$476,959.29.

Effect

There is a lack of compliance with state regulations and a lack of effective control of the budget charges.

Cause

The responsible official simply did not comply.

Recommendation

Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause an over-expenditure in the line account to be charged, prior to the Board approving the requested transfer of additional appropriations to cover such orders.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2010-10

Information on the State Program

State Aid Public:

- Equalization Aid (GMIS 495-034-5120-078)
- Special Education Aid (GMIS 495-034-5120-089)
- Security Aid (GMIS 495-034-5120-084)
- Adjustment Aid (GMIS (495-034-5120-085)

Criteria or Specific Requirement

The Board Secretary and Treasurer of School Moneys must prepare and submit financial reports in accordance with N.J.S.A. 18A:17-9 and N.J.S.A. 18A:17-36, respectively. Pursuant to N.J.S.A. 18A:17-10, all districts must submit the Annual Report to the Board and the executive county superintendent by August 1.

Condition

With the exception of the June 2010 Board Secretary's report, none of the Treasurer's or Board Secretary's reports were available for review. Additionally, the June 30, 2010 Board Secretary and Treasurer's Reports were not filed with the Board and the executive county superintendent.

Questioned Costs

None.

Context

Not Applicable.

Effect

There is a lack of compliance with the state regulations and a lack of control over financial reporting.

Cause

The responsible official simply did not comply.

Recommendation

That the New Jersey Statutes regarding the reporting and filing of the Board Secretary's and Treasurer's reports, be adhered to.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2010-11

Information on the State Program

State Aid Public:

- Equalization Aid (GMIS 495-034-5120-078)
- Special Education Aid (GMIS 495-034-5120-089)
- Security Aid (GMIS 495-034-5120-084)
- Adjustment Aid (GMIS (495-034-5120-085)

Criteria or Specific Requirement

The Local Public Contracts Law requires that contracts awarded in excess of the statutory bid threshold be advertised after the award, that contracts be made available for audit and that contract awards be approved in the minutes. Chapter 271 of the laws of 2005 requires specific language in the awarding resolution for contracts awarded on a non-fair and open basis.

Condition

Our audit of compliance with the Local Public Contracts Law and the Pay-to-Play Law revealed the following:

1. One contract over the bid threshold was not awarded in the minutes.
2. Unable to locate one transportation contract.
3. Unable to locate advertisement for transportation contract.
4. One contract approved in the minutes did not have the required "non fair and open" wording.

Questioned Costs

None.

Context

Not applicable.

Effect

There is a lack of compliance with the Local Public Contracts Law and the Pay-to-Play Law.

Cause

The responsible official simply did not comply.

Recommendation

That the Local Public Contracts Law and the Pay-to-Play Law, be fully adhered to.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2010-12

Information on the State Program

State Aid Public:

- Equalization Aid (GMIS 495-034-5120-078)
- Special Education Aid (GMIS 495-034-5120-089)
- Security Aid (GMIS 495-034-5120-084)
- Adjustment Aid (GMIS (495-034-5120-085)

Criteria or Specific Requirement

The Division of Finance requires the completion of the Application for State School Aid (A.S.S.A.) in accordance with their set of instructions.

Condition

The District's records did not support the students that were reported on the A.S.S.A.

Questioned Costs

None.

Context

The district incorrectly reported seven free and six reduced lunch application students as "sent to others".

Effect

There is a lack of compliance with state regulations.

Cause

There was a lack of oversight by the responsible official.

Recommendation

That the District accurately report the information on the A.S.S.A.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

Finding No. 2009-1

Condition

Our audit of expenditures indicated the following with regard to mischarges:

1. Thirteen expenditures were not charged to the proper budgetary account.
2. There were some non-salaried items charged to salaried accounts.

Current Status

This condition remains unchanged as evidenced by finding number 2010-2.

Planned Corrective Action

Control procedures will be established and followed to ensure that all budget appropriations and expenditures be in accordance with N.J.A.C. 6A:23-2.2(f) and "The Uniform Chart of Accounts for New Jersey Public Schools" and the "Budget Guidelines" as promulgated by the State Department of Education.

Finding No. 2009-2

Condition

Several of the biweekly Teacher's Pension and Annuity Fund social security reimbursement requests in addition to the No Child Left Behind and Individuals with Disabilities Education Improvement Act Federal reimbursement requests were not made timely.

Current Status

This condition remains unchanged as evidenced by finding number 2010-3.

Planned Corrective Action

The biweekly Teacher's Pension and Annuity Fund social security reimbursement requests along with the No Child Left Behind and Individuals with Disabilities Education Improvement Act Federal reimbursement requests will be made timely.

Finding No. 2009-3

Condition

Prior year unspent balances of federal programs were not remitted to the State Department of Education.

Current Status

This condition remains unchanged as evidenced by finding number 2010-6.

Planned Corrective Action

All balances that are identified on audit schedule "A" as "due to grantor" will be remitted to the State Department of Education.

TOWNSHIP OF NEW HANOVER SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management (Cont'd)

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

