

SCHOOL DISTRICT
OF
HADDON HEIGHTS



Haddon Heights Board of Education
Haddon Heights, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

**Comprehensive Annual
Financial Report**

of the

Haddon Heights Board of Education

Haddon Heights, New Jersey

For the Fiscal Year Ended June 30, 2011

**Prepared by
Haddon Heights Board of Education
Finance Department**

HADDON HEIGHTS SCHOOL DISTRICT

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	11
Roster of Officials	12
Consultants and Advisors	13

FINANCIAL SECTION

Independent Auditor's Report	15
-------------------------------------	----

K-1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17
---	----

Required Supplementary Information - Part I Management's Discussion and Analysis	20
---	----

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Assets	30
A-2 Statement of Activities	31

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	33
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	34
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35

Proprietary Funds:

B-4 Statement of Net Assets	36
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	37
B-6 Statement of Cash Flows	38

Fiduciary Funds:

B-7 Statement of Fiduciary Net Assets	39
B-8 Statement of Changes in Fiduciary Net Assets	40

Notes to the Financial Statements	41
--	----

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule - General Fund	59
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b	Budgetary Comparison Schedule - American Recovery & Reinvestment Act General Fund - Education Stabilization Funds	N/A
C-1ba	Budgetary Comparison Schedule - American Recovery & Reinvestment Act General Fund - Government Service Funds	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	65

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	66
-----	-------------------------------	----

Other Supplementary Information

D.	School Level Schedules :	N/A
----	--------------------------	-----

E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	69
E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3	Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5	Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A

F. Capital Projects Fund:

F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	73
-----	---	----

G. Proprietary Fund:

Enterprise Fund:

G-1	Combining Statement of Net Assets	76
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	77
G-3	Combining Statement of Cash Flows	78

	Internal Service Fund:	N/A
--	------------------------	-----

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Assets	80
H-2	Combining Statement of Changes in Fiduciary Net Assets	81
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	82
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	83

	<u>Page</u>
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	85
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Budgetary Comparison Schedule - Debt Service Fund	86

STATISTICAL SECTION (Unaudited)

J-1 Net Assets by Component	88
J-2 Changes in Net Assets, Last Four Fiscal Years	89
J-3 Fund Balances, Governmental Funds, Last Four Fiscal Years	91
J-4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	92
J-5 General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	93
J-6 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	94
J-7 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	95
J-8 Principal Property Tax Payers, Current Year and Nine Years Ago	96
J-9 Property Tax Levies and Collections, Last Ten Fiscal Years	97
J-10 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	98
J-11 Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	99
J-12 Ratios of Overlapping Governmental Activities Debt, As of December 31, 2010	100
J-13 Legal Debt Margin Information, Last Ten Fiscal Years	101
J-14 Demographic and Economic Statistics	102
J-15 Principal Employers, Current Year & Nine Years Ago (information not available)	N/A
J-16 Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	103
J-17 Operating Statistics, Last Ten Fiscal Years	104
J-18 School Building Information, Last Ten Fiscal Years	105
J-19 Schedule of Required Maintenance, Last Six Fiscal Years	106
J-20 Insurance Schedule	107

SINGLE AUDIT SECTION

K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	109
K-3 Schedule of Expenditures of Federal Awards, Schedule A	111
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	112
K-5 Notes to the Schedules of Awards and Financial Assistance	113
K-6 Schedule of Findings and Questioned Costs	115
K-7 Summary Schedule of Prior Audit Findings	120

Introductory Section



Haddon Heights Public Schools

Administrative Offices

316-A Seventh Avenue, Haddon Heights, NJ 08035 • (856) 547-1412 • Fax (856) 547-3868

Michael W. Adams
Superintendent

Mark J. Stratton
Business Administrator/Board Secretary

Nancy C. Seddon
Director of Curriculum and Instruction

Joceline Renner
Director of Special Education

September 26, 2011

President Rebecca Kitchmire and
Members of the Board of Education
Haddon Heights School District
Camden County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Haddon Heights School District for the fiscal year ended June 30, 2011 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

The Haddon Heights School District is an independent reporting entity within the criteria adopted by the GASB as established NCGA Statement #3. All funds and account groups of the District are included in this report. The Haddon Heights Board of Education and all of its schools constitute the District’s reporting entity.

The District provides a full range of educational services to grade levels K-12. These include regular and vocational as well as special education for educationally disabled students. The District completed the 2010/2011 school year with an enrollment of 1346 which is 63 students less than the previous year’s enrollment. The following details the changes in student enrollment over the past four years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007/08	1300	+2.84%
2008/09	1350	+ 3.84%
2009/10	1409	+ 4.37%
2010/11	1346	(- 4.47%)

The District consists of four schools. They are Atlantic Avenue School, Seventh Avenue School, Glenview Avenue School and Haddon Heights Junior-Senior High School. The three elementary schools serve grades K-6 with the high school offering a comprehensive program in grades 7-12.

Haddon Heights is a receiving district for students from Barrington and Lawnside in grades 9-12. These students are received on a tuition basis with the tuition rate to be charged being determined by state formula.

2. ECONOMIC CONDITION AND OUTLOOK:

Haddon Heights is an established, suburban environment. There is virtually no room for expansion or development. Changes in school population are caused mostly by demographics affecting movement of families into town replacing residents whose children are grown. The sending districts of Lawnside and Barrington are similar in terms of population demographics, although the population from both sending districts has been declining in recent years.

The tax base of Haddon Heights is predominantly residential. A reassessment was completed in July of the 2007 calendar year.

3. MAJOR INITIATIVES:

A. The Haddon Heights Public Schools strive for academic excellence for all students. Our students continue to excel on state mandated testing as the following scores indicate:

1. High School Proficiency Assessment (HSPA) - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
67.5%	23.2%

Language Arts Literacy

Proficient	Advanced Proficient
84.9%	13.8%

2. NJ Ask 3 - Grade 3 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
34.5%	60.3%

Language Arts Literacy

72.4%	10.3%
-------	-------

3. NJ Ask 4 - Grade 4 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
42.6%	51.1%

Language Arts Literacy

68.1%	14.9%
-------	-------

Science

38.3%	57.4%
-------	-------

4. NJ Ask 5 - Grade 5 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
40.4%	56.1%

Language Arts Literacy

70.2%	7.0%
-------	------

5. NJ Ask 6 - Grade 6 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
46.9%	51.6%

Language Arts Literacy

90.6%	6.3%
-------	------

6. NJ Ask 7 - Grade 7 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
51.6%	32.8%

Language Arts Literacy

60.9%	15.6%
-------	-------

7. NJ ASK 8 – Grade 8 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
37.7%	55.8%

Language Arts Literacy

64.9%	29.9%
-------	-------

Science

48.1%	51.9%
-------	-------

These results are a direct reflection of the outstanding instruction taking place in our schools.

- B. State Monitoring - The Haddon Heights Public Schools were monitored under the NJQSAC process in 2009-2010. Based on the results of the monitoring process the Haddon Heights School District was designated as a High Performing School District! Monitoring should occur again during the 2012-2013 school year.
- C. Graduation Rate - The Haddon Heights Class of 2011 had a graduate rate of 97% (with summer school).

- D. College Placement - The Haddon Heights Class of 2011 had 97.5% of its graduates go on for further education. Of those 47% went on to a four year college, 43% went to a local community college and 7.5% went to a trade school, .5% gained employment, 1% joined the military, and 1% went on to an apprenticeship. We are continuing to see more students choose to attend a community college for their first two years due to a significant savings in cost and the easy transferability of credits.
- E. The 5-year Strategic Plan for the Haddon Heights Public Schools was collaboratively produced by educators, administrators, and members of the local community in 2009. Framed around a central mission statement, the Plan features four strategic goals, with 22 separate objectives. Through this five-year plan, we have worked to provide 21st century education and guidance for our students.
- F. Curriculum – Curriculum development and revision continues to be our focus in our goal of academic excellence for all students. The majority of all curricula will be updated to include all Core Content State Standards by September 2012. Following is a small sampling of major initiatives in this area.

Technology: All schools have computer labs that are fully networked, plus wireless mobile labs with laptops. Each school has full Internet Access. Interactive Smartboards and projectors continue to be installed in our elementary schools and are in full use in HHHS classrooms and library. Elementary schools should be at the same stage this year. All students and staff have e-mail access via our server. Many teachers are integrating a variety of technology into their daily lessons, developing instructional websites and have postings on individual eboards.

Elementary Curriculum: We continue to emphasize reading, writing and public speaking strategies in our Language Arts Literacy curriculum, which focuses on balanced literacy. A major literacy initiative is continuing this year, with an emphasis on the development of improved writing skills. Our highly successful Everyday Math program has produced outstanding testing results. We have changed our science curriculum to inquiry-based learning and students are actively involved in “lab-type” lessons. At this point, we are purchasing and expanding units of study in science. And finally, we will work with the high school department chairperson and all elementary administrators toward updating materials used for social studies instruction at the elementary level.

High School Curriculum: Most existing courses have curriculum that is now being upgraded to include Core Content State Standards. As new courses are approved by our curriculum committee, they are integrated into our high school program offerings. One course was added for the 2011-2012 school year: AP Physics. A strong emphasis on differentiation of instructional strategies to meet all learners' needs is at the forefront of curricular initiatives, as is our commitment to co-teaching for inclusion of special needs students. We have had sustained professional development in both of these areas this year. Reform continues in the Math and English areas at both the Junior High and High School levels. High School English teachers are receiving Professional Development at the 6th Annual Literacy Consortium at Rowan University.

Staff Development: Major staff development initiatives include the following: Training for technology integration into daily lessons, differentiated instruction at all levels and in all subject areas, data-driven instructional strategies, and continuous curriculum updating. Workshops have been provided during school, after school, and at various times during the summer. Other initiatives include training to infuse the Core Curriculum Content Standards, literacy in grades K-12, and training for a student-centered classroom. Authentic assessment is also a focus of our staff development program, with particular emphasis on using the backwards design model for planning instruction and assessment. As much as possible, we share professional development with our two sending districts, Barrington and Lawnside. This year we have our November in-service devoted to "The Mindset of the Effective Educator", which includes professional development for teachers, administrators and parents in our tri-district area.

4. 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 theft, loss or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived (2) the valuation and 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 evaluation by district management.

As part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial

assistance programs as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriate budgets are adopted for the general fund, the special revenue fund and 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 reclassified as accounts payable.

6. ACCOUNTING SYSTEM AND REPORT:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

9. OTHER INFORMATION:

Independent Audit - Some statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Stewart was appointed by the Board. In addition to meeting the requirements set forth in state statutes,

the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining the individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

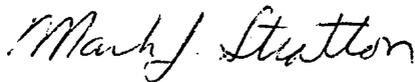
10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Haddon Heights Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

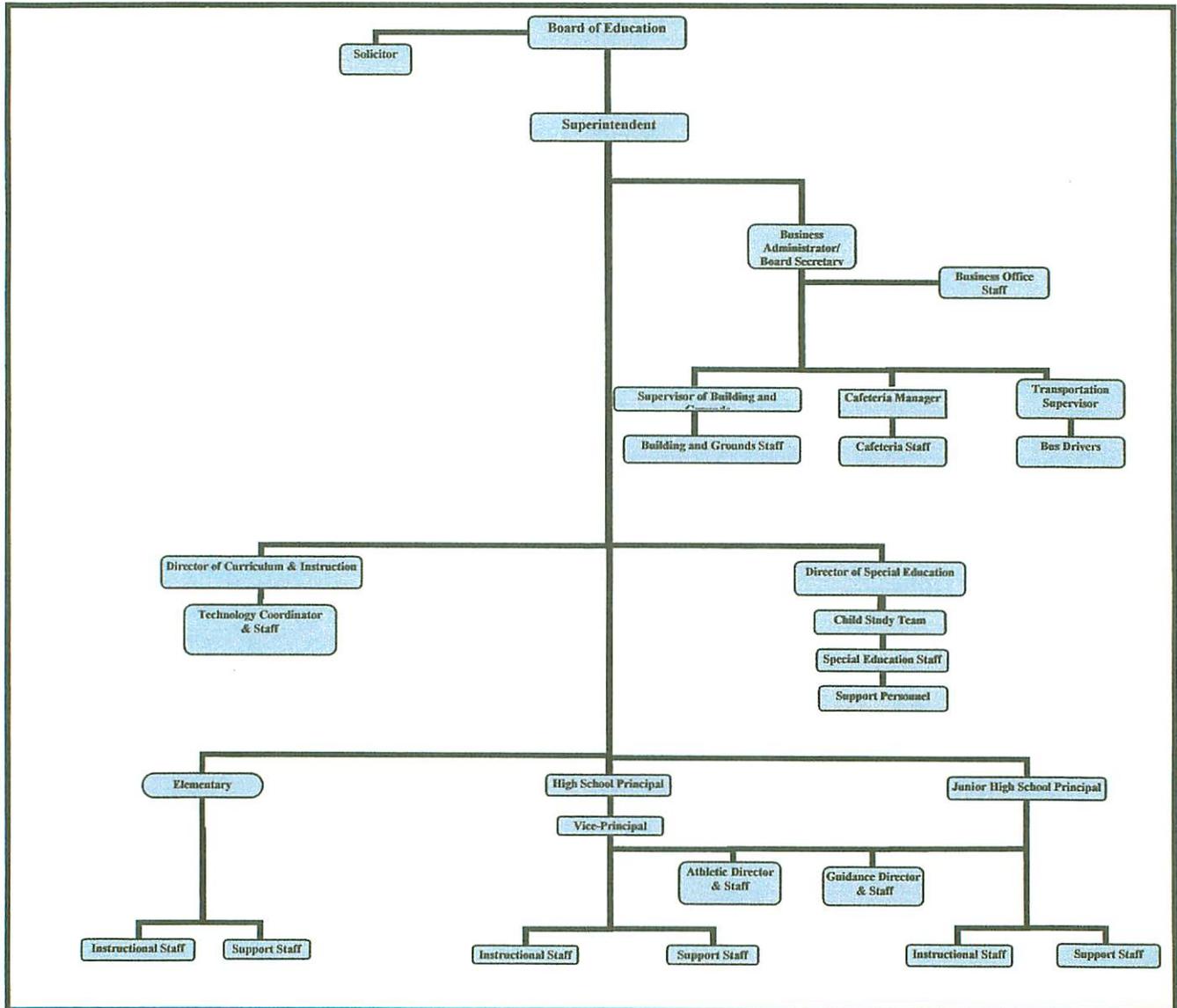


Michael W. Adams, Superintendent



Mark J. Stratton, Business Administrator

1110 ORGANIZATIONAL CHART



Adopted: 10 November 2009
 Revised : 28 July 2010
 Revised: 14 September 2010



HADDON HEIGHTS SCHOOL DISTRICT

Roster of Officials

June 30, 2011

Members of the Board of Education:

Term Expires

Rebecca Kitchmire, President

2014

Lisa Long, Vice-President

2013

Therese McGee

2013

Kimberly Kluchnick

2012

Barbara Newell

2012

Joseph Peters

2012

Joseph Lucia

2013

Craig Huber

2012

Michael L. Harshaw

2014

Scott Manlove

Barrington Representative

Amy Pierce

Lawnside Representative

Other Officials:

Michael Adams, Superintendent

Mark J. Stratton, Business Administrator/Board Secretary

Mary Bakey, Treasurer

Joseph F. Betley, Esq. Solicitor

**HADDON HEIGHTS SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

Attorney

Capehart and Scatchard
Laurel Corporate Center
8000 Midlantic Drive
Mount Laurel, NJ 08054

Official Depository

Susquehanna Patriot Bank, N.A.
305 South White Horse Pike
Lawnside, NJ 08045

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: lscpas@concentric.net

**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Haddon Heights School District
County of Camden
Haddon Heights, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2011, 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 School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011 on our consideration of the Haddon Heights School District, in the County of Camden, State of New Jersey'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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haddon Heights School District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
September 23, 2011

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: lscpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

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
Haddon Heights School District
County of Camden
Haddon Heights, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 23, 2011. 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 Haddon Heights School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Haddon Heights School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated September 23, 2011.

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
September 23, 2011

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Haddon Heights School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

As management of the Board of Education of the Borough of Haddon Heights, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$11,313,265 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$138,963. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by \$171,469 from the prior fiscal year-end balance. The majority of this increase is attributed to the repayment of existing debt obligations.
- Fund balance of the School District's governmental funds decreased by \$21,548 resulting in an ending fund balance of \$2,608,426.
- Business-type activities have unrestricted net assets of \$40,692, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$632,773 which is the result of the current year payments made on existing debt obligations.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2011. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2011.

The assets of the primary government activities exceeded liabilities by \$11,268,154 with an unrestricted deficit balance of \$138,963. As mentioned earlier, the deficit in unrestricted net assets is primarily due to the accounting treatment for compensated absences payable, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

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

A net investment of \$9,157,601 in land, improvements, buildings and equipment which provide the services to the School District's 1,338 public school students, represents 80.94% of the School District's net assets. Net assets of \$2,253,935 have been restricted as follows:

Reserved for future budget appropriation	\$ 89,983
Designated for the 2011/12 budget	1,846,464
Capital projects	279,998
Debt service	37,490

**Haddon Heights School District
Comparative Summary of Net Assets
As of June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	\$ 3,066,416	\$ 2,978,621	\$ 86,940	\$ 45,566	\$ 3,157,775	\$ 3,024,187
Capital assets	<u>22,721,182</u>	<u>23,164,308</u>	<u>4,419</u>	<u>5,534</u>	<u>22,721,182</u>	<u>23,169,842</u>
Total assets	<u>25,787,598</u>	<u>26,142,929</u>	<u>91,359</u>	<u>51,100</u>	<u>25,878,957</u>	<u>26,194,029</u>
Liabilities:						
Current Liabilities	1,159,981	1,039,072	46,248	925	1,206,229	1,039,997
Noncurrent Liabilities	<u>13,359,463</u>	<u>14,012,236</u>	<u></u>	<u></u>	<u>13,359,463</u>	<u>14,012,236</u>
Total liabilities	<u>14,519,444</u>	<u>15,051,308</u>	<u>46,248</u>	<u>925</u>	<u>14,565,692</u>	<u>15,052,233</u>
Net assets	<u>\$ 11,268,154</u>	<u>\$ 11,091,621</u>	<u>\$ 45,111</u>	<u>\$ 50,175</u>	<u>\$ 11,313,265</u>	<u>\$ 11,141,796</u>
Net assets consist of:						
Invested in capital						
Assets	\$ 9,153,182	\$ 9,099,308	\$ 4,419	\$ 5,534	\$ 9,157,601	\$ 9,104,842
Restricted net assets	2,253,935	2,324,389			2,253,935	2,324,389
Unrestricted net assets	<u>(138,963)</u>	<u>(332,076)</u>	<u>40,692</u>	<u>44,641</u>	<u>(98,271)</u>	<u>(287,435)</u>
Net assets	<u>\$ 11,268,154</u>	<u>\$ 11,091,621</u>	<u>\$ 45,111</u>	<u>\$ 50,175</u>	<u>\$ 11,313,265</u>	<u>\$ 11,141,796</u>

**Haddon Heights School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services			\$ 224,193	\$ 252,531	\$ 224,193	\$ 252,531
Operating grants and Contributions	\$ 2,362,468	\$ 2,493,938	89,797	98,066	2,452,265	2,592,004
General Revenues:						
Property Taxes	10,892,028	10,612,077			10,892,028	10,612,077
Unrestricted State Aid	854,896	1,247,441			854,896	1,247,441
State Aid Restricted For Capital Projects	37,487	19,157			37,487	19,157
Tuition	8,203,004	8,016,589			8,203,004	8,016,589
Other Revenues	70,725	224,450	283	345	71,008	224,795
Total Revenues	22,420,608	22,613,652	314,273	350,942	22,734,881	22,964,594
Expenses:						
Governmental Activities:						
Instruction	9,733,336	9,978,908			9,733,336	9,978,908
Tuition	672,569	696,444			672,569	696,444
Related Services	2,122,438	2,222,222			2,122,438	2,222,222
Administrative Services	1,671,027	1,577,684			1,671,027	1,577,684
Operations and Maintenance	1,853,222	2,026,025			1,853,222	2,026,025
Transportation	278,835	224,359			278,835	224,359
Unallocated benefits	4,706,912	4,280,924			4,706,912	4,280,924
Interest on long-term Debt	678,579	642,884			678,579	642,884
Other	527,157	531,646			527,157	531,646
Business-Type Activities:						
Food Service Operations			319,337	330,208	319,337	330,208
Total Expenses	22,244,075	22,181,096	319,337	330,208	22,511,304	22,511,304
Increase (Decrease) in Net Assets Before transfers	176,533	432,556	(5,064)	20,734	171,469	453,290
Transfers						
Changes in net assets	176,533	432,556	(5,064)	20,734	171,469	453,290
Net assets, July 1,	11,091,621	10,659,065	50,175	29,441	11,141,796	10,688,506
Net assets, June 30,	\$ 11,268,154	\$ 11,091,621	\$ 45,111	\$ 50,175	\$ 11,313,265	\$ 11,141,796

Governmental Activities

Governmental activities increased the net assets of the School District by \$176,533 during the current fiscal year. Key elements of the increase in net assets for governmental activities are as follows:

- Tuition revenue increased \$186,415, or an increase of 2.32% over the prior year.
- Tax levy revenues increased by \$279,951, or an increase of 2.63% over the prior year.
- Total expenses increased \$62,979, or an increase of .28% over the prior year.

Business-type Activities

Business-type activities decreased the School District's net assets by \$5,064. Sales of lunches decreased \$28,338 over the prior year.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,608,426, a decrease of \$21,548 in comparison with the prior year. All of the decrease can be attributable to the increase in the percentage of the budget that was spent (95.32%) when compared to the prior year (92.78%).

The unassigned fund balance for the School District at the end of the fiscal year represents the unassigned fund balance for the General Fund of \$354,491 and the unassigned fund balance of the Debt Service Fund of \$37,490. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, as follows: 1) restricted cash reserved for future capital outlay expenditures (\$279,998), 2) appropriated as a revenue source in the subsequent year's budget (\$1,846,464), or 3) reserved for future budget appropriation in accordance with state statute (\$89,983).

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

Revenue in the special revenue fund is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated.

General Fund Budgetary Highlights

There is no difference between the original budget and the revised budget.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$410,438, while total fund balance (budgetary basis) was \$2,517,501. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$20,369,202. Unreserved fund balance (budgetary basis) represents 2.01% of expenditures while total fund balance (budgetary basis) represents 12.36% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totaled \$22,725,601 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$444,241.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$569,034.

Haddon Heights School District Capital Asset (net of accumulated depreciation) June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Land	\$ 4,162	\$ 4,162			\$ 4,162	\$ 4,162
Construction in Progress						
Site Improvements	128,658	134,809			128,658	134,809
Buildings and Building Improvements	22,311,473	22,692,411			22,311,473	22,692,411
Equipment	<u>276,889</u>	<u>332,926</u>	<u>\$ 4,419</u>	<u>\$ 5,534</u>	<u>281,308</u>	<u>338,460</u>
Net assets	<u>\$ 22,721,182</u>	<u>\$ 23,164,308</u>	<u>\$ 4,419</u>	<u>\$ 5,534</u>	<u>\$ 22,725,601</u>	<u>\$ 23,169,842</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2011, the School District had total bonded debt outstanding of \$13,568,000 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for compensated absences liability of \$301,463.

The general obligation bonds and capital lease obligations of the District decreased during the current fiscal year according to the normal schedule of payments.

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$32,132,563 and the legal debt margin was \$13,568,000.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2011-12 fiscal year.

- For the 2011-2012 fiscal year the School District will be receiving about \$1,000,000 less in state aid when compared to the previous fiscal year. The district also increased budgeted fund balance approximately \$750,000 which will be hard to maintain in future years. The negotiated agreement between the School District and the teachers association has been settled, reflecting an increase for 2011-2012 year of 4.3% for teachers and 4.8% for the support staff. Health benefit costs did not increase for the 2011-2012 school year because the district switched insurance carriers.
- The school district tax rate for 2011 is \$1.339 per one hundred of assessed valuation. This is a 2.8 cent increase from the previous year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Haddon Heights School District Business Administrator, 316-A Seventh Avenue, Haddon Heights, New Jersey, 08035, telephone number (856) 547-1412.

Basic Financial Statements

District-Wide Financial Statements

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 2,392,648	\$ 60,605	\$ 2,453,253
Receivables, net	300,425	14,302	314,727
Inventory		12,033	12,033
Restricted assets:			
Cash and cash equivalents	202,202		202,202
Deferred bond issuance costs - net	91,022		91,022
Capital assets, net (Note 5)	<u>22,721,182</u>	<u>4,419</u>	<u>22,725,601</u>
Total Assets	<u>25,707,479</u>	<u>91,359</u>	<u>25,798,838</u>
LIABILITIES:			
Accounts payable	140,089	46,248	186,337
Contracts payable	86,967		86,967
Intergovernmental payable:			
State	58,232		58,232
Deferred revenue	1,561		1,561
Accrued Interest	283,013		283,013
Noncurrent liabilities (Note 7):			
Due within one year	510,000		510,000
Due beyond one year	<u>13,359,463</u>		<u>13,359,463</u>
Total Liabilities	<u>14,439,325</u>	<u>46,248</u>	<u>14,485,573</u>
NET ASSETS:			
Invested in capital assets, net of related debt	9,153,182	4,419	9,157,601
Restricted for:			
Capital projects	279,998		279,998
Debt Service	69,076		69,076
Other purposes	1,904,861		1,904,861
Unrestricted	<u>(138,963)</u>	<u>40,692</u>	<u>(98,271)</u>
Total Net Assets	<u>\$ 11,268,154</u>	<u>\$ 45,111</u>	<u>\$ 11,313,265</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

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	\$ 7,016,943		\$ 731,674		\$ (6,285,269)		\$ (6,285,269)
Special Education	1,637,479				(1,637,479)		(1,637,479)
Other instruction	1,078,914				(1,078,914)		(1,078,914)
Support Services:							
Tuition	672,569				(672,569)		(672,569)
Student & instruction related services	2,122,438		239,140		(1,883,298)		(1,883,298)
General administrative services	527,266				(527,266)		(527,266)
School administrative services	866,562				(866,562)		(866,562)
Central services	277,199				(277,199)		(277,199)
Plant operations and maintenance	1,853,222				(1,853,222)		(1,853,222)
Pupil transportation	278,835				(278,835)		(278,835)
Unallocated benefits	4,706,912		1,387,218		(3,319,694)		(3,319,694)
Interest on long-term debt	678,579		4,436		(674,143)		(674,143)
Unallocated depreciation and amortization	527,157				(527,157)		(527,157)
Total Governmental Activities	22,244,075		2,362,468		(19,881,607)		(19,881,607)
Business-Type Activities:							
Food Service	319,337	\$ 224,193	89,797			\$ (5,347)	(5,347)
Total Business-Type Activities	319,337	224,193	89,797			(5,347)	(5,347)
Total Primary Government	\$ 22,563,412	\$ 224,193	\$ 2,452,265	\$ -	(19,881,607)	(5,347)	(19,886,954)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					9,821,086		9,821,086
Taxes levied for debt service					1,070,942		1,070,942
Federal and State aid not restricted					854,896		854,896
State aid restricted for capital projects					37,487		37,487
Tuition received					8,203,004		8,203,004
Investment Earnings					202	283	485
Miscellaneous Income					70,523		70,523
Transfers							
Total general revenues, special items, extraordinary items and transfers					20,058,140	283	20,058,423
Change in Net Assets					176,533	(5,064)	171,469
Net Assets - July 1, 2010					11,091,621	50,175	11,141,796
Net Assets - June 30, 2011					\$ 11,268,154	\$ 45,111	\$ 11,313,265

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

Fund Financial Statements

HADDON HEIGHTS SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 2,282,455	\$ (123,646)	\$ 164,763	\$ 69,076	\$ 2,392,648
Receivables, net:					
State aid	66,754	2,105			68,859
Federal aid		172,173			172,173
Other	1,170	58,223			59,393
Restricted assets:					
Cash and cash equivalents	<u>202,202</u>				<u>202,202</u>
Total Assets	<u>\$ 2,552,581</u>	<u>\$ 108,855</u>	<u>\$ 164,763</u>	<u>\$ 69,076</u>	<u>\$ 2,895,275</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 91,027	\$ 49,062			\$ 140,089
Contracts payable			\$ 86,967		86,967
Intergovernmental payable:					
State		58,232			58,232
Deferred revenue		<u>1,561</u>			<u>1,561</u>
Total Liabilities	<u>91,027</u>	<u>108,855</u>	<u>86,967</u>		<u>286,849</u>
 Fund Balances:					
Restricted for:					
Capital reserve	202,202				202,202
Excess surplus	89,983				89,983
Assigned to:					
Subsequent year's budget	1,814,878		77,796	\$ 31,586	1,924,260
Unassigned	<u>354,491</u>			<u>37,490</u>	<u>391,981</u>
Total Fund Balances	<u>2,461,554</u>		<u>77,796</u>	<u>69,076</u>	2,608,426
Total Liabilities and Fund Balances	<u>\$ 2,552,581</u>	<u>\$ 108,855</u>	<u>\$ 164,763</u>	<u>\$ 69,076</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,334,939 and the accumulated depreciation is \$5,613,757. 22,721,182

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 91,022

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

General Obligation Bonds	\$ (13,568,000)	
Compensated Absences Payable	(301,463)	
Accrued Interest Payable	<u>(283,013)</u>	
		<u>(14,152,476)</u>

Net assets of governmental activities **\$ 11,268,154**

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 9,821,086			\$ 1,070,942	\$10,892,028
Tuition	8,203,004				8,203,004
Interest earned on investments	202				202
Miscellaneous	70,523				70,523
Total local sources	18,094,815			1,070,942	19,165,757
State sources	2,242,114	\$ 416,897	\$ 37,487	4,436	2,700,934
Federal sources		553,917			553,917
Total Revenues	20,336,929	970,814	37,487	1,075,378	22,420,608
EXPENDITURES:					
Current expense:					
Regular instruction	6,382,489	731,674			7,114,163
Special education instruction	1,637,479				1,637,479
Other instruction	1,078,914				1,078,914
Support services and undistributed costs:					
Tuition	672,569				672,569
Student & instruction related services	1,883,298	239,140			2,122,438
General administrative services	527,266				527,266
School administrative services	866,562				866,562
Central services	277,199				277,199
Plant operations and maintenance	1,853,222				1,853,222
Pupil transportation	278,835				278,835
Unallocated employee benefits	4,706,912				4,706,912
Capital outlay	204,457		2		204,459
Debt service:					
Principal				497,000	497,000
Interest and other charges				605,138	605,138
Total Expenditures	20,369,202	970,814	2	1,102,138	22,442,156
Excess (deficiency) of revenues over (under) expenditures	(32,273)		37,485	(26,760)	(21,548)
Other Financing Sources (Uses):					
Transfer In				37,487	37,487
Transfer out			(37,487)		(37,487)
Total other financing sources (uses)			(37,487)	37,487	
Net Change in Fund Balance	(32,273)		(2)	10,727	(21,548)
Fund balance - July 1, 2010	2,493,827		77,798	58,349	2,629,974
Fund Balance - June 30, 2011	\$ 2,461,554	\$ -	\$ 77,796	\$ 69,076	\$ 2,608,426

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

HADDON HEIGHTS 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, 2011

Total net change in fund balances - governmental funds (from B-2)	\$	(21,548)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Governmental Funds report capital outlays 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 current period.</p>		
Depreciation expense	\$ (567,919)	
Fixed assets additions	<u>124,793</u>	(443,126)
<p>Repayment of long-term debt 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>		
		497,000
<p>Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.</p>		
		(4,791)
<p>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. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
		6,225
<p>In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)</p>		
		<u>142,773</u>
Change in Net Assets of Governmental Activities	\$	<u>176,533</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Business-Type Activities Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 60,605
Accounts receivable:	
State	549
Federal	12,738
Other	1,015
Inventories	<u>12,033</u>
Total Current Assets	<u>86,940</u>
Noncurrent Assets:	
Equipment	40,541
Less - accumulated depreciation	<u>(36,122)</u>
Total Noncurrent Assets	<u>4,419</u>
Total Assets	<u>91,359</u>
 LIABILITIES:	
Current Liabilities:	
Accounts payable	46,248
Total Current Liabilities	<u>46,248</u>
 NET ASSETS:	
Invested in capital assets	4,419
Unrestricted	<u>40,692</u>
Total Net Assets	<u><u>\$ 45,111</u></u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 94,732
Daily sales non-reimbursable programs	
Adult and a la carte sales	97,344
Special functions	<u>32,117</u>
Total Operating Revenues	<u>224,193</u>
OPERATING EXPENSES:	
Salaries and fringe benefits	145,288
Management fee	19,500
Supplies and materials	11,024
Other costs	12,785
Depreciation	1,115
Cost of sales	<u>129,625</u>
Total Operating Expenses	<u>319,337</u>
Operating Income (Loss)	<u>(95,144)</u>
Non-Operating Revenues:	
State sources:	
State school lunch program	2,938
Federal sources:	
National school lunch program	73,552
Food distribution program	13,307
Local sources:	
Interest earned	<u>283</u>
Total Non-Operating Revenues	<u>90,080</u>
Income (Loss) before Contributions and Transfers	(5,064)
Operating Transfer In	<u> </u>
Changes in Net Assets	(5,064)
Net Assets - July 1, 2010	<u>50,175</u>
Net Assets - June 30, 2011	<u><u>\$ 45,111</u></u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 224,291
Cash payments to employees for services	(120,317)
Cash payments to suppliers for goods and services	<u>(153,907)</u>
Net cash provided by (used for) operating activities	<u>(49,933)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	2,654
Cash received from federal sources	78,694
Operating Transfer in	<u> </u>
Net cash provided by noncapital financing activities	<u>81,348</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<u> </u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>283</u>
Net increase (decrease) in cash and cash equivalents	31,698
Cash and cash equivalents - July 1, 2010	<u>28,907</u>
Cash and cash equivalents - June 30, 2011	<u>\$ 60,605</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (95,144)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,115
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	98
(Increase) decrease in inventories	(1,325)
Increase (decrease) in accounts payable	<u>45,323</u>
Net cash provided by (used for) operating activities	<u>\$ (49,933)</u>
Noncash Noncapital Financing Activities:	
During the year the District received \$13,307 of food commodities from the U.S. Department of Agriculture.	

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Trust Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	<u>\$ 89,765</u>	<u>\$ 226,151</u>	<u>\$ 460,675</u>
 Total Assets	 <u>89,765</u>	 <u>226,151</u>	 <u>\$ 460,675</u>
 LIABILITIES:			
Payroll deductions and withholdings			\$ 278,130
Due to student groups	<u> </u>	<u> </u>	<u>182,545</u>
Total Liabilities	<u> </u>	<u> </u>	<u>\$ 460,675</u>
 NET ASSETS:			
Held in trust for unemployment claims and other purposes	<u>\$ 89,765</u>		
Reserved for scholarships		<u>\$ 226,151</u>	

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS:		
Contributions:		
Employee	\$ 29,727	
Donations	100,000	\$ 45,000
Total Contributions	129,727	45,000
Investment earnings:		
Interest	713	857
Net investment earnings	713	857
Total Additions	130,440	45,857
DEDUCTIONS:		
Unemployment claims	142,762	
Scholarships awarded		58,960
Total Deductions	142,762	58,960
Change in Net Assets	(12,322)	(13,103)
Net Assets - July 1, 2010	102,087	239,254
Net Assets - June 30, 2011	\$ 89,765	\$ 226,151

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

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of Haddon Heights School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 12. In addition, the School District provides educational services for students in grades 9 through 12 received from the Barrington and Lawnside School Districts on a tuition basis. The Haddon Heights School District has an approximate enrollment at June 30, 2011 of 1,339 students.

Criteria for determining if other entities are potential component units which should be reported within the School District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the School District is financially accountable and other organizations that the nature and significance of their relationship with the School District are such that exclusion would cause the School District's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units

Basis of Presentation

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

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

Government-wide Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. 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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

The School District's enterprise funds are:

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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Funds (Continued) - 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 four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-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. "Measurable" means the amount of the transaction can be determined and "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 of fiscal year end. 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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues - Exchange and Non-exchange Transactions (Continued) - The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of 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.

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, if any, is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the 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 assigned 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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2011 and 2010 were based on rates established by the receiving school 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 basis.

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

Inventories recorded in 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, 2011.

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 cost 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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 repairs and maintenance that do not add to the value of the asset or materially extend asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>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

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 twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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 on 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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Equity – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance – This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School District – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the School District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education and the Chief School Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the School District's policy to use externally restricted fund balances first, then unrestricted fund balance – committed, assigned, and unassigned – in order as needed.

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

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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, state statutes requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$3,592,296 at June 30, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey’s multiple financial institution collateral pool as required by N.J.S.A. 17.9-41 et seq.

3. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at 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 either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Balance – July 1, 2010		\$ 202,000
Increased by:		
Interest earned	\$ 202	
Board resolution	_____	202
		202,202
Decreased by:		
Budget withdrawal	_____	
Balance – June 30, 2011		\$ 202,202

The June 30, 2011 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All intergovernmental 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 at June 30, 2011 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>Total</u>
Intergovernmental				
State	\$ 66,754	\$ 2,105	\$ 549	\$ 69,408
Federal		172,173	12,738	184,911
Other	1,170	58,223	1,015	60,408
	<u>1,170</u>	<u>58,223</u>	<u>1,015</u>	<u>60,408</u>
Total Accounts Receivable	<u>\$ 67,924</u>	<u>\$ 232,501</u>	<u>\$ 14,302</u>	<u>\$ 314,727</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,162			\$ 4,162
Construction in progress				
Total capital assets, not being				
Depreciated	4,162			4,162
<i>Capital Assets, being depreciated:</i>				
Site Improvements	205,711			205,711
Building and Building Improvements	27,083,210	\$ 116,193		27,199,403
Equipment	917,063	8,600		925,663
Totals at historical cost	<u>28,205,984</u>	<u>124,793</u>		<u>28,330,777</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(70,902)	(6,151)		(77,053)
Building and Building Improvements	(4,390,799)	(497,131)		(4,887,930)
Equipment	(584,137)	(64,637)		(648,774)
Totals accumulated depreciation	<u>(5,045,838)</u>	<u>(567,919)</u>		<u>(5,613,757)</u>
Total Capital Assets, being				
depreciated, net	<u>23,160,146</u>	<u>(443,126)</u>		<u>22,717,020</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 23,164,308</u>	<u>\$ (443,126)</u>	<u>\$ 0</u>	<u>\$ 22,721,182</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 40,541			\$ 40,541
Less accumulated depreciation	(35,007)	\$ (1,115)		(36,122)
Business-Type Activities Capital				
Assets, Net	<u>\$ 5,534</u>	<u>\$ (1,115)</u>	<u>\$ 0</u>	<u>\$ 4,419</u>

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$567,919 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 45,553
Unallocated	522,366
	\$ 567,919
Total depreciation expense	\$ 567,919

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$ 10,674
Supplies	1,359
	\$ 12,033

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2011</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 444,236		\$ 142,773	\$ 301,463	
General Obligation Bonds	14,065,000	_____	497,000	13,568,000	\$ 510,000
	\$ 14,509,236	\$ 0	\$ 639,773	\$ 13,869,463	\$ 510,000

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

1997 General Obligation Bonds dated May 1, 1997 in the amount of \$213,000 due in annual installments through May 1, 2012, bearing interest rate of 5.20%.

1998 Lease Purchase Bonds dated October 15, 1999 in the amount of \$140,000 due in semi-annual installments through May 15, 2013, bearing interest rate of 4.95%.

2003 Taxable Refunding Bonds dated April 29, 2003 in the amount of \$216,000 due in annual installments through October 1, 2012, bearing interest rate of 1.90% to 5.70%.

2005 General Obligation Bonds dated July 1, 2005 in the amount of \$12,999,000 due in annual installments through January 1, 2030, bearing interest rate of 4.25% to 4.375%.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

7. LONG-TERM OBLIGATIONS (Continued)

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 510,000	\$ 580,414	\$ 1,090,414
2013	534,000	551,334	1,085,334
2014	550,000	533,860	1,083,860
2015	570,000	510,485	1,080,485
2016	595,000	486,260	1,081,260
2017-2021	3,294,000	2,033,882	5,327,882
2022-2026	3,950,000	1,281,887	5,231,887
2027-2030	<u>3,565,000</u>	<u>387,770</u>	<u>3,952,770</u>
	<u>\$ 13,568,000</u>	<u>\$ 6,365,892</u>	<u>\$ 19,933,892</u>

As of June 30, 2011 the School District had no authorizations to issue additional bonded debt.

Compensated Absences

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

8. OPERATING LEASES

The School District has various non-cancelable operating lease agreements for copiers. Total costs for such leases were approximately \$32,592 for the fiscal year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 32,205
2013	22,213
2014	5,417
2015	5,417
2016	<u>451</u>
Total future minimum lease payments	<u>\$ 65,703</u>

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. 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 for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on 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 Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in 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 exists.

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

Public Employees' Retirement System (PERS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in 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 exists.

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

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2011	\$ 74,744	\$ 122,043	\$ 14,722	\$ 211,509
2010	56,818	73,004	18,003	147,825
2009	54,427	62,952	14,590	131,969

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in 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 exists. In addition, to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

9. PENSION PLANS (Continued)

There were no School District employees enrolled in the DCRP for the fiscal years ended June 30, 2011, 2010 and 2009.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State's contribution rate is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2009.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

In addition to the above, the School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Several years ago, the Township authorized participation in the SHBP's post-retirement benefit program through a resolution adopted under Chapter 88. Under the plan, any employee eligible for enrollment in the SBHP as an employee is eligible for 100% employer paid coverage for a disability retirement. In addition, employees eligible for enrollment in the SHBP are eligible for 100% employer paid coverage when retiring with 25 years or more of service to the Township or any other local unit. In each of these cases, the employee's spouse, civil union partner and dependents are also covered 100% and this coverage continues when the retiree is deceased.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the School District on a monthly basis. The School District funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

10. POST-RETIREMENT BENEFITS (Continued)

The School District's contributions to SBHP for the years ended June 30, 2011, 2010 and 2009, were \$19,663, \$19,477 and \$18,576, respectively, which equaled the required contributions for each year. There were approximately 3, 3, and 3 retired participants eligible at June 30, 2011, 2010 and 2009, respectively.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement were \$28,727 and \$610,163, respectively. In addition, the State of New Jersey reimbursed the School District \$748,328 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

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; employee health and accident claims; and natural disasters.

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

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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 which can be obtained by writing to: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Lawrenceville, New Jersey, 08648.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 100,713	\$ 29,727	\$ 142,762	\$ 89,765
2009-2010	922	29,391	22,383	102,087
2008-2009	1,312	28,399	8,189	94,157

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit them to defer a portion of their current salary to all future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore are not reflected on the financial statements of the School District..

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2011, the liability for compensated absences in the governmental activities fund type was \$301,463.

15. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2011, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

16. DEFICIT UNRESTRICTED NET ASSETS

The governmental activities has a deficit in unrestricted net assets of \$138,963 as of June 30, 2011. This deficit is attributable to the allocation of compensated absences balances payable, accrued interest payable and capital leases payable to unrestricted net assets.

17. FUND BALANCES

The School District has classified its fund balances with the following hierarchy:

Nonspendable – The School District does not have any nonspendable funds.

Spendable – The School District has classified the spendable fund balances as *Restricted, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as *Committed*.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

17. FUND BALANCES (Continued)

Restricted Items:

Capital Reserve – As of June 30, 2011, the balance in the capital reserve account is \$202,202. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted 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 restrict 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, 2011 is \$89,983.

Assigned:

Designated for Subsequent Year's Expenditures – The School District has assigned a total of \$1,924,260 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in the upcoming 2011-2012 budget. The amounts are \$1,814,878 in the General Fund, \$77,796 in the Capital Projects Fund and \$31,586 in the Debt Service Fund.

Unassigned items - Represents the remainder of the School District's equity in governmental fund type balances. The balance at June 30, 2011 is \$447,928. The amounts are \$410,438 in the General Fund and \$37,490 in the Debt Service Fund.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 9,821,086		\$ 9,821,086	\$ 9,821,086	
Tuition	8,154,644		8,154,644	8,203,004	\$ 48,360
Interest earned on capital reserve				202	202
Unrestricted misc. revenues	75,000		75,000	70,523	(4,477)
Total local sources	18,050,730		18,050,730	18,094,815	44,085
State sources:					
Categorical special education aid	348,841	\$ 112,972	461,813	461,813	
Equalization aid	442,999	(112,972)	330,027	330,027	
Extraordinary aid				28,536	28,536
Nonpublic transportation aid				2,262	2,262
On-behalf TPAF pension contr. (non-budgeted)				638,890	638,890
Reimbursed TPAF social security contribution (non-budgeted)				748,328	748,328
Total state sources	791,840		791,840	2,209,856	1,418,016
TOTAL REVENUES	18,842,570		18,842,570	20,304,671	1,462,101
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool/Kindergarten	120,780	(2,000)	118,780	99,781	18,999
Grades 1-5	1,438,335	(39,500)	1,398,835	1,379,234	19,601
Grades 6-8	932,726	41,500	974,226	968,330	5,896
Grades 9-12	3,736,820		3,736,820	3,638,696	98,124
Regular Programs - Home Instruction:					
Salaries of teachers	16,500		16,500	16,458	42
Other purchased services	7,000		7,000	4,033	2,967
Regular Programs - Undistributed Instruction:					
Purchased professional educational services	3,000	1,088	4,088	4,088	
Purchased technical services	44,400	(25,361)	19,039	11,481	7,558
Other purchased services	84,975	(6,600)	78,375	47,070	31,305
General supplies	213,626	8,456	222,082	210,605	11,477
Textbooks	5,891	632	6,523	2,713	3,810
Total - regular programs - instruction	6,604,053	(21,785)	6,582,268	6,382,489	199,779

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

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Multiple Disabilities:					
Salaries of teachers	\$ 58,885	\$ (2,500)	\$ 56,385	\$ 55,623	\$ 762
Other salaries for instruction	40,990	(2,000)	38,990	37,904	1,086
General supplies	4,000		4,000	374	3,626
Textbooks	2,000		2,000		2,000
Total multiple disabilities	<u>105,875</u>	<u>(4,500)</u>	<u>101,375</u>	<u>93,901</u>	<u>7,474</u>
Resource room/resource center:					
Salaries of teachers	1,286,005	(3,798)	1,282,207	1,279,620	2,587
Other salaries for instruction	147,500	(8,633)	138,867	138,862	5
General supplies	9,200		9,200	3,864	5,336
Textbooks	5,000		5,000	1,751	3,249
Total resource room/resource center	<u>1,447,705</u>	<u>(12,431)</u>	<u>1,435,274</u>	<u>1,424,097</u>	<u>11,177</u>
Preschool Disabilities - Part-Time:					
Salaries of teachers	85,170	(3,569)	81,601	78,800	2,801
Other salaries for instruction	40,650	(1,500)	39,150	38,711	439
General supplies	2,000		2,000	1,970	30
Total preschool disabilities - part-time	<u>127,820</u>	<u>(5,069)</u>	<u>122,751</u>	<u>119,481</u>	<u>3,270</u>
Total Special Education - Instruction	<u>1,681,400</u>	<u>(22,000)</u>	<u>1,659,400</u>	<u>1,637,479</u>	<u>21,921</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	410,965	(1,080)	409,885	408,768	1,117
Total basic skills/remedial - instruction	<u>410,965</u>	<u>(1,080)</u>	<u>409,885</u>	<u>408,768</u>	<u>1,117</u>
Bilingual Education - Instruction					
Salaries of teachers	8,784	23,080	31,864	21,706	10,158
Total bilingual education - instruction	<u>8,784</u>	<u>23,080</u>	<u>31,864</u>	<u>21,706</u>	<u>10,158</u>
School-Sponsored Cocurricular Act - Instruction:					
Salaries	90,775	16,100	106,875	106,875	
Transfer to cover deficit (agency funds)	8,000		8,000	6,985	1,015
Total school-sponsored cocurr. act. - instruc.	<u>98,775</u>	<u>16,100</u>	<u>114,875</u>	<u>113,860</u>	<u>1,015</u>
School-Sponsored Athletics - Instruction:					
Salaries	340,830	(18,233)	322,597	315,230	7,367
Transfers to cover deficit (agency funds)	195,000	20,870	215,870	215,870	
Total school-sponsored athletics - instruc.	<u>535,830</u>	<u>2,637</u>	<u>538,467</u>	<u>531,100</u>	<u>7,367</u>

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

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction:					
Salaries	\$ 4,000		\$ 4,000	\$ 3,480	\$ 520
Total other instructional - instruc.	4,000		4,000	3,480	520
Total Instruction	9,343,807	\$ (3,048)	9,340,759	9,098,882	241,877
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - spec	80,000	(2,000)	78,000	64,502	13,498
Tuition to County Voc School Dist. - reg	11,400		11,400	11,400	
Tuition to CSSD & reg. day schools	88,000	(52,759)	35,241	31,678	3,563
Tuition to priv. sch. for the disabled in state	675,289	(30,000)	645,289	564,989	80,300
Total undistributed expenditures - instruction	854,689	(84,759)	769,930	672,569	97,361
Attendance and Social Work:					
Salaries	62,180		62,180	61,630	550
Supplies and materials	5,100		5,100	4,681	419
Total attendance and social work	67,280		67,280	66,311	969
Health Services:					
Salaries	340,841	3,750	344,591	343,014	1,577
Supplies and materials	6,289	(1,400)	4,889	4,102	787
Other objects	1,000		1,000		1,000
Total health services	348,130	2,350	350,480	347,116	3,364
Speech, OT, PT, & Related Services:					
Salaries	77,551		77,551	56,442	21,109
Supplies and materials	3,000		3,000		3,000
Total speech, ot, pt & related services	80,551		80,551	56,442	24,109
Guidance:					
Salaries of other professional staff	401,815	5,642	407,457	407,457	
Salaries of secretarial and clerical staff	60,580	500	61,080	60,805	275
Purchased professional - educational services	5,500	(642)	4,858	2,443	2,415
Other purchased services	9,850		9,850	4,325	5,525
Supplies and materials	7,576	(1,776)	5,800	2,700	3,100
Total guidance	485,321	3,724	489,045	477,730	11,315
Child Study Teams:					
Salaries of other professional staff	493,660	10,000	503,660	459,909	43,751
Salaries of secretarial and clerical assistants	77,300	631	77,931	77,931	
Purchased professional - educational services	70,000	(10,631)	59,369	50,794	8,575
Other purchased prof. and tech. services	30,000		30,000	10,199	19,801
Miscellaneous purchased services	3,500		3,500	2,496	1,004
Supplies and materials	5,000		5,000	4,046	954
Total child study teams	679,460		679,460	605,375	74,085

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

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries supervisor of instruction	\$ 106,278	\$ (1)	\$ 106,277	\$ 105,377	\$ 900
Salaries of secretarial and clerical assistants	16,500	4,000	20,500	16,359	4,141
Total improvement of instructional services	122,778	3,999	126,777	121,736	5,041
Educational Media Services/School Library:					
Salaries	161,850		161,850	155,271	6,579
Purchased prof. and technical services	1,840		1,840		1,840
Supplies and materials	54,029	(7,000)	47,029	30,358	16,671
Total educational media services/school library	217,719	(7,000)	210,719	185,629	25,090
Instructional Staff Training Services:					
Salaries of other professional staff	11,708		11,708	11,708	
Other objects	28,230		28,230	11,251	16,979
Total instructional staff training services	39,938		39,938	22,959	16,979
General Administration:					
Salaries	192,500	1,400	193,900	193,693	207
Legal services	60,000	(9,900)	50,100	46,121	3,979
Audit fees	27,000	5,000	32,000	26,500	5,500
Architectural/Engineering Services	20,000	(2,000)	18,000	16,258	1,742
Other purchased professional services	36,950	(10,000)	26,950	24,127	2,823
Communications / telephone	65,100	5,500	70,600	69,826	774
BOE other purchased services	6,700	(4,700)	2,000		2,000
Miscellaneous purchased services	49,000	(5,300)	43,700	43,569	131
Supplies and materials	4,500	2,500	7,000	6,356	644
Misc. expenditures	27,000	(10,000)	17,000	15,788	1,212
BOE membership dues and fees	11,000		11,000	10,028	972
Judgements against the district		75,000	75,000	75,000	
Total general administration	499,750	47,500	547,250	527,266	19,984
School Administration:					
Salaries of principals/assist. principals	555,872	(500)	555,372	553,179	2,193
Salaries of secretarial and clerical assistants	254,250	4,016	258,266	258,266	
Other purchased services	36,350	8,500	44,850	33,943	10,907
Supplies and materials	22,382	(3,516)	18,866	13,378	5,488
Other objects	7,200	25,000	32,200	7,796	24,404
Total school administration	876,054	33,500	909,554	866,562	42,992
Central Services:					
Salaries	258,794		258,794	252,888	5,906
Purchased technical services	14,800	5,000	19,800	13,095	6,705
Other purchased services	8,500		8,500	6,492	2,008
Supplies and materials	10,000	7,500	17,500	3,404	14,096
Other objects	3,150	5,000	8,150	1,320	6,830
Total central services	295,244	17,500	312,744	277,199	35,545
Required Maintenance School Facilities:					
Salaries	210,300		210,300	204,143	6,157
Cleaning, repair, and maintenance services	104,000		104,000	59,394	44,606
General supplies	65,000	10,000	75,000	53,137	21,863
Total required maintenance school facilities	379,300	10,000	389,300	316,674	72,626

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

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	\$ 690,700		\$ 690,700	\$ 623,708	\$ 66,992
Cleaning, repair, and maintenance services	11,250		11,250	10,395	855
Other purchased property services	48,150	\$ 8,422	56,572	52,294	4,278
Insurance	44,850		44,850	42,652	2,198
Miscellaneous purchased services	52,750	(34,672)	18,078	14,391	3,687
General supplies	98,500	(1,000)	97,500	79,498	18,002
Energy (electricity)	351,000	(107,000)	244,000	184,794	59,206
Energy (natural gas)	265,000	97,000	362,000	356,859	5,141
Other objects	3,500	1,000	4,500	3,614	886
Total custodial services	1,565,700	(36,250)	1,529,450	1,368,205	161,245
Care & Upkeep of Grounds					
Salaries	90,100		90,100	90,003	97
Total care & upkeep of grounds	90,100		90,100	90,003	97
Security:					
Salaries	53,000	26,250	79,250	78,340	910
Total security	53,000	26,250	79,250	78,340	910
Total operation & maint. of plant services	2,088,100		2,088,100	1,853,222	234,878
Student Transportation Services:					
Salaries for pupil trans. (between home & school)					
- special	23,000	520	23,520	23,520	
Salaries (other than between home & school)	28,000	(8,206)	19,794	15,748	4,046
Salaries for pupil trans. (between home & school)					
- nonpublic	24,176	(4,084)	20,112	15,092	5,020
Cleaning, repair, and maintenance services	18,000	(520)	17,480	16,413	1,067
Contr. serv. (not bet. home & school) - vendors	8,000		8,000	4,500	3,500
Contr. serv. (bet. home and school) - joint agree.	5,000	(4,001)	999	999	
Contr. serv. (special ed. students.) - ESCs	175,000	746	175,746	171,123	4,623
Contr. serv. - aid in lieu of payments	20,000		20,000	13,260	6,740
Supplies and materials	14,000	3,255	17,255	17,095	160
Other objects	6,000		6,000	2,084	3,916
Total student transportation services	321,176	(12,270)	308,906	278,835	30,071
Unallocated Benefits - Employee Benefits:					
Social security contributions	255,000	(1,700)	253,300	241,243	12,057
Other retirement contributions - PERS	170,000	41,509	211,509	211,509	
Unemployment compensation		100,000	100,000	100,000	
Workmen's compensation	105,000	(3,300)	101,700	101,643	57
Health benefits	2,786,773	(150,600)	2,636,173	2,623,206	12,967
Tuition reimbursement	20,000	(5,000)	15,000	15,000	
Other employee benefits	9,500	17,595	27,095	27,093	2
Total unallocated benefits - employee benefits	3,346,273	(1,496)	3,344,777	3,319,694	25,083
On-behalf TPAF pension contr. (non-budgeted)				638,890	(638,890)
Reimbursed TPAF social security contr. (non-budgeted)				748,328	(748,328)
Total Undistributed Expenditures	10,322,463	3,048	10,325,511	11,065,863	(740,352)
Total General Current Expense	19,666,270		19,666,270	20,164,745	(498,475)

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

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
School administration	\$ 2,000		\$ 2,000		\$ 2,000
Required maintenance for school fac.	16,000	\$ (16,000)			
Special schools (All Programs)		16,000	16,000	\$ 8,600	7,400
Total Equipment	<u>18,000</u>		<u>18,000</u>	<u>8,600</u>	<u>9,400</u>
Facilities Acquisition and Construction Services:					
Construction services	150,000		150,000	116,193	33,807
Other objects	79,664		79,664	79,664	
Total Facilities Acquisition and Constr. Services	<u>229,664</u>		<u>229,664</u>	<u>195,857</u>	<u>33,807</u>
Total Capital Outlay	<u>247,664</u>		<u>247,664</u>	<u>204,457</u>	<u>43,207</u>
TOTAL EXPENDITURES	<u>19,913,934</u>		<u>19,913,934</u>	<u>20,369,202</u>	<u>(455,268)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(1,071,364)</u>		<u>(1,071,364)</u>	<u>(64,531)</u>	<u>1,006,833</u>
Other Financing Sources:					
Transfers out					
Transfers In					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(1,071,364)		(1,071,364)	(64,531)	1,006,833
Fund Balance - July 1, 2010	<u>2,582,032</u>		<u>2,582,032</u>	<u>2,582,032</u>	
Fund Balance - June 30, 2011	<u>\$ 1,510,668</u>	<u>\$ -</u>	<u>\$ 1,510,668</u>	<u>\$ 2,517,501</u>	<u>\$ 1,006,833</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 202,202	
Excess surplus				89,983	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				1,814,878	
Unassigned Fund Balance:					
				<u>410,438</u>	
				<u>2,517,501</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(55,947)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,461,554</u>	

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

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 416,905		\$ 416,905	\$ 416,897	\$ (8)
Federal sources	623,671		623,671	553,917	(69,754)
Total Revenues	1,040,576		1,040,576	970,814	(69,762)
EXPENDITURES:					
Instruction:					
Salaries of teachers	90,861		90,861	75,637	15,224
Purchased professional - educ. services	28,983		28,983	27,396	1,587
Other purchased services	378,822		378,822	378,822	
Tuition	150,000		150,000	150,000	
Travel	1,921		1,921	1,531	390
General supplies	70,054		70,054	59,684	10,370
Textbooks	38,083		38,083	38,075	8
Other objects	3,167		3,167	529	2,638
Total instruction	761,891		761,891	731,674	30,217
Support services:					
Salaries of teachers	39,820		39,820	26,102	13,718
Salaries of other professional staff	4,556		4,556	3,665	891
Personal services - employee benefits	19,938		19,938	17,868	2,070
Purchased professional - educ. services	129,392		129,392	116,450	12,942
Other purchased services	7,765		7,765	6,330	1,435
Travel	17,102		17,102	14,072	3,030
Supplies and materials	59,611		59,611	54,606	5,005
Other objects	22,283		501	47	454
Total support services	300,467		278,685	239,140	39,545
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acq. and const. services					
Total Expenditures	1,062,358		1,040,576	970,814	69,762
Total Outflows	1,062,358		1,040,576	970,814	69,762
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

**HADDON HEIGHTS SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2011**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 20,304,671	\$ 970,814
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	88,205	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(55,947)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 20,336,929</u>	<u>\$ 970,814</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 20,369,202	\$ 970,814
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	<u>\$ 20,369,202</u>	<u>\$ 970,814</u>

Other Supplementary Information

Special Revenue Fund

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Title II D</u>	<u>Title IV Carryover</u>	<u>IDEA Basic</u>	<u>ARRA IDEA Basic</u>	<u>IDEA Preschool</u>	<u>ARRA IDEA Preschool</u>	<u>Carryforward from Exh. E-1A</u>	<u>Carryforward from Exh. E-1B</u>	<u>Total</u>
REVENUES:									
State sources							\$ 410,994	\$ 5,903	\$ 416,897
Federal sources	\$ 153	\$ 4	\$ 280,586	\$ 91,396	\$ 4,657	\$ 7,082	9,772	160,267	553,917
Total Revenues	153	4	280,586	91,396	4,657	7,082	420,766	166,170	970,814
EXPENDITURES:									
Instruction:									
Salaries of teachers			4,390	16,059	572	700		53,916	75,637
Purchased prof. educ. services	153		17,696	9,047		500			27,396
Tuition			150,000						150,000
Other purchased services							372,919	5,903	378,822
Travel								1,531	1,531
General supplies		4	9,394	18,396	1,866	3,005	6,334	20,685	59,684
Textbooks							38,075		38,075
Other objects			462			67			529
Total instruction	153	4	181,942	43,502	2,438	4,272	417,328	82,035	731,674
Support services:									
Salaries of teachers			1,162	3,575			1,282	20,083	26,102
Salaries of other prof. staff			3,665						3,665
Personal services-employee benefits				1,222		54	172	16,420	17,868
Purchased prof. educ. services			79,942	5,505		1,000	890	29,113	116,450
Other purchased services			5,000	775		240	315		6,330
Travel							779	13,293	14,072
Supplies and materials			8,828	36,817	2,219	1,516		5,226	54,606
Other objects			47						47
Total support services			98,644	47,894	2,219	2,810	3,438	84,135	239,140
Facilities acquisition and const. serv.:									
Instructional equipment									
Total facilities acq. and const. serv.									
Total Expenditures	153	4	280,586	91,396	4,657	7,082	420,766	166,170	970,814
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Nonpublic Comp. Ed.	Nonpublic Transport.	Nonpublic Exam/ Classification	Nonpublic Speech	Nonpublic Supplemental Instruction	Nonpublic Textbooks	Nonpublic Nursing	Carl Perkins	Total
REVENUES:									
State sources	\$ 180,263	\$ 6,094	\$ 50,210	\$ 58,464	\$ 32,763	\$ 38,075	\$ 45,125		\$ 410,994
Federal sources								\$ 9,772	9,772
Total Revenues	180,263	6,094	50,210	58,464	32,763	38,075	45,125	9,772	420,766
EXPENDITURES:									
Instruction:									
Other purchased services	180,263	6,094	50,210	58,464	32,763		45,125		372,919
General supplies								6,334	6,334
Textbooks						38,075			38,075
Total instruction	180,263	6,094	50,210	58,464	32,763	38,075	45,125	6,334	417,328
Support services:									
Salaries of teachers								1,282	1,282
Personal services-employee benefits								172	172
Purchased prof. educ. services								890	890
Travel								779	779
Other purchased services								315	315
Total support services								3,438	3,438
Facilities acquisition and const. serv.:									
Instructional equipment									
Total facilities acq. and const. serv.									
Total Expenditures	180,263	6,094	50,210	58,464	32,763	38,075	45,125	9,772	420,766
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Nonpublic ESL	Nonpublic Home Instruction	Title I	ARRA Title I	Title I Carryover	Title II A	Title II A Carryover	Total
REVENUES:								
State sources	\$ 3,798	\$ 2,105						\$ 5,903
Federal sources			\$ 87,270	\$ 4,851	\$ 33,288	\$ 31,617	\$ 3,241	160,267
Total Revenues	3,798	2,105	87,270	4,851	33,288	31,617	3,241	166,170
EXPENDITURES:								
Instruction:								
Salaries of teachers			52,416		1,500			53,916
Other purchased services	3,798	2,105						5,903
Travel			810		721			1,531
General supplies			12,272			8,413		20,685
Total instruction	3,798	2,105	65,498		2,221	8,413		82,035
Support services:								
Salaries of teachers			241		14,842	5,000		20,083
Personal services-employee benefits			11,120		3,300	1,000	1,000	16,420
Purchased prof. educ. services			10	4,851	11,916	10,395	1,941	29,113
Travel			7,191		1,009	4,793	300	13,293
Supplies and materials			3,210			2,016		5,226
Total support services			21,772	4,851	31,067	23,204	3,241	84,135
Facilities acquisition and const. serv.:								
Instructional equipment								
Total facilities acq. and const. serv.								
Total Expenditures	3,798	2,105	87,270	4,851	33,288	31,617	3,241	166,170
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---

Capital Projects Fund

**HADDON HEIGHTS SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2011**

Revenues and Other Financing Sources:

State aid	\$ 37,487
Total revenues and other financing sources	<u>37,487</u>

Expenditures and Other Financing (Uses):

Construction services	\$ 2
Transfer to Debt Service Fund	37,487
Total expenditures and other financing (uses)	<u>37,489</u>

Excess (deficiency) or revenues over (under) expenditures (2)

Fund Balance - July 1, 2010 77,798

Fund Balance - June 30, 2011 \$ 77,796

HADDON HEIGHTS SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Renovations to High School - Lease Purchase Project
From Inception and for the Fiscal Year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Lease Purchase	\$ 908,243		\$ 908,243	\$ 908,243
Interest Earned	42,570		42,570	42,570
Cancellation of Reserve	4,158	\$ 72,599	76,757	\$76,757
Total revenues	<u>954,971</u>	<u>72,599</u>	<u>1,027,570</u>	<u>1,027,570</u>
Expenditures and Other Financing Uses:				
Purchased professional services	307		307	307
Construction services	907,289		907,289	907,289
Equipment	35,918		35,918	35,918
Debt service payment on lease purchase	6,258	2	6,260	6,260
	<u>949,772</u>	<u>2</u>	<u>949,774</u>	<u>949,774</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 5,199</u>	<u>\$ 72,597</u>	<u>\$ 77,796</u>	<u>\$ 77,796</u>

Proprietary Funds

HADDON HEIGHTS SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2011

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 60,605
Accounts receivable:	
State	549
Federal	12,738
Other	1,015
Inventories	<u>12,033</u>
Total Current Assets	<u>86,940</u>
Noncurrent Assets:	
Equipment	40,541
Less - accumulated depreciation	<u>(36,122)</u>
Total Noncurrent Assets	<u>4,419</u>
Total Assets	<u>91,359</u>
 LIABILITIES:	
Current Liabilities:	
Accounts payable	46,248
Total Current Liabilities	<u>46,248</u>
 NET ASSETS:	
Capital	4,419
Unrestricted	<u>40,692</u>
Total Net Assets	<u><u>\$ 45,111</u></u>

HADDON HEIGHTS SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 94,732
Daily sales non-reimbursable programs	
Adult and alacarte sales	97,344
Special functions	32,117
	<hr/>
Total Operating Revenues	224,193
OPERATING EXPENSES:	
Salaries and fringe benefits	145,288
Management fee	19,500
Supplies and materials	11,024
Other costs	12,785
Depreciation	1,115
Cost of sales	129,625
	<hr/>
Total Operating Expenses	319,337
Operating Income (Loss)	<hr/> (95,144)
Non-Operating Revenues:	
State sources:	
State school lunch program	2,938
Federal sources:	
National school lunch program	73,552
Food distribution program	13,307
Local sources:	
Interest earned	283
	<hr/>
Total Non-Operating Revenues	90,080
Income (Loss) before Contributions and Transfers	(5,064)
Operating Transfer In	<hr/>
Changes in Net Assets	(5,064)
Net Assets - July 1, 2010	50,175
	<hr/>
Net Assets - June 30, 2011	<u>\$ 45,111</u>

HADDON HEIGHTS SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 224,291
Cash payments to employees for services	(120,317)
Cash payments to suppliers for goods and services	<u>(153,907)</u>
Net cash provided by (used for) operating activities	<u>(49,933)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	2,654
Cash received from federal sources	78,694
Operating transfer in	<u>81,348</u>
Net cash provided by noncapital financing activities	<u>81,348</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<u> </u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>283</u>
Net increase (decrease) in cash and cash equivalents	31,698
Cash and cash equivalents - July 1, 2010	<u>28,907</u>
Cash and cash equivalents - June 30, 2011	<u><u>\$ 60,605</u></u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (95,144)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,115
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	98
(Increase) decrease in inventories	(1,325)
Increase (decrease) in accounts payable	<u>45,323</u>
Net cash provided by (used for) operating activities	<u><u>\$ (49,933)</u></u>
Noncash Noncapital Financing Activities:	
During the year the District received \$13,307 of food commodities from the U.S. Department of Agriculture.	

Fiduciary Funds

**HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2011**

	Trust Funds		Agency Funds		
	Unemployment Compensation	Scholarship Funds	Student Activity	Payroll	Total
ASSETS:					
Cash and cash equivalents	\$ 89,765	\$ 226,151	\$ 182,545	\$ 278,130	\$ 776,591
Total Assets	89,765	226,151	\$ 182,545	\$ 278,130	776,591
 LIABILITIES:					
Liabilities:					
Payroll deductions payable				\$ 278,130	278,130
Due to student groups			\$ 182,545		182,545
Total Liabilities			\$ 182,545	\$ 278,130	460,675
 NET ASSETS:					
Held in trust for unemployment claims	89,765				89,765
Held in trust for scholarships		226,151			226,151
Total Net Assets	\$ 89,765	\$ 226,151			\$ 315,916

HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
Additions:			
Interest on investments	\$ 857	\$ 713	\$ 1,570
Contributions	45,000	100,000	145,000
Employee withholdings		<u>29,727</u>	<u>29,727</u>
Total Additions	<u>45,857</u>	<u>130,440</u>	<u>176,297</u>
Deductions:			
Unemployment compensation insurance claims		142,762	142,762
Scholarships	<u>58,960</u>		<u>58,960</u>
Total Deductions	<u>58,960</u>	<u>142,762</u>	<u>201,722</u>
Change in Net Assets	(13,103)	(12,322)	(25,425)
Net Assets - July 1, 2010	<u>239,254</u>	<u>102,087</u>	<u>341,341</u>
Net Assets - June 30, 2011	<u>\$ 226,151</u>	<u>\$ 89,765</u>	<u>\$ 315,916</u>

HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers</u>	<u>Balance June 30, 2011</u>
High School	\$ 115,523	\$ 285,419	\$ 285,522	\$ (2,515)	\$ 112,905
Atlantic Avenue School	4,058	4,803	5,181	319	3,999
Seventh Avenue School	2,448	3,867	4,472	238	2,081
Glenview Avenue School	6,936	11,174	15,526	358	2,942
Elementary Extra-Curricular	1,555	1,905	2,288	33	1,205
Co-Curricular Non-Athletic	(827)	20,855	25,805	(1,843)	(7,620)
District	60,833	69,011	87,825	(4,976)	37,043
Athletics	7,330	244,686	230,156	8,130	29,990
Total all schools	<u>\$ 197,856</u>	<u>\$ 641,720</u>	<u>\$ 656,775</u>	<u>\$ (256)</u>	<u>\$ 182,545</u>

HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Payrol Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 130,393</u>	<u>\$ 14,364,772</u>	<u>\$ 14,217,035</u>	<u>\$ 278,130</u>
Total Assets	<u>\$ 130,393</u>	<u>\$ 14,364,772</u>	<u>\$ 14,217,035</u>	<u>\$ 278,130</u>
 LIABILITIES:				
Net payroll		\$ 8,206,371	\$ 8,206,371	
Payroll deductions and withholdings	<u>\$ 130,393</u>	<u>6,158,401</u>	<u>6,010,664</u>	<u>\$ 278,130</u>
Total Liabilities	<u>\$ 130,393</u>	<u>\$ 14,364,772</u>	<u>\$ 14,217,035</u>	<u>\$ 278,130</u>

Long-Term Debt Schedules

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
			Date	Amount					
Renovations and Improvements to various school buildings Principal Paid 5/1 Interest Paid 5/1 & 9/1	5/1/97	\$ 2,333,000	5/1/12	\$ 213,000	5.20%	\$ 423,000		\$ 210,000	\$ 213,000
Taxable Refunding Bonds Principal Paid 10/1 Interest Paid 10/1 & 4/1	4/29/03	810,000	10/1/11 10/1/12	102,000 114,000	1.90% to 5.70%	313,000		97,000	216,000
Certificates of Participation Renovations to High School Principal Paid 11/1 & 5/1 Interest Paid 11/1 & 5/1	11/01/98	800,000	2011/12 2012/13	70,000 70,000	4.95%	205,000		65,000	140,000
Renovations and Improvements to various school buildings Principal Paid 4/1 Interest Paid 4/1 & 10/1	7/1/05	13,569,000	1/1/12	125,000	4.25%	13,124,000		125,000	12,999,000
	1/1/13		1/1/13	350,000	4.25%				
	1/1/14		1/1/14	550,000	4.25%				
	1/1/15		1/1/15	570,000	4.25%				
	1/1/16		1/1/16	595,000	4.25%				
	1/1/17		1/1/17	614,000	4.25%				
	1/1/18		1/1/18	640,000	4.25%				
	1/1/19		1/1/19	660,000	4.25%				
	1/1/20		1/1/20	680,000	4.25%				
	1/1/21		1/1/21	700,000	4.25%				
	1/1/22		1/1/22	730,000	4.25%				
	1/1/23		1/1/23	760,000	4.25%				
	1/1/24		1/1/24	790,000	4.25%				
	1/1/25		1/1/25	820,000	4.25%				
	1/1/26		1/1/26	850,000	4.25%				
	1/1/27		1/1/27	870,000	4.25%				
	1/1/28		1/1/28	880,000	4.25%				
	1/1/29		1/1/29	905,000	4.30%				
	1/1/30		1/1/30	910,000	4.375%				
							<u>\$ 14,065,000</u>	<u>\$ -</u>	<u>\$ 497,000</u>

HADDON HEIGHTS SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For The Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,070,942		\$ 1,070,942	\$ 1,070,942	
Total local sources	1,070,942		1,070,942	1,070,942	
State sources:					
State Aid	4,436		4,436	4,436	
Total Revenues	1,075,378		1,075,378	1,075,378	
EXPENDITURES:					
Regular debt service:					
Lease Purchase Agreement:					
Redemption of principal	65,000		65,000	65,000	
Interest payment	9,405		9,405	9,402	\$ 3
Interest on early retirement of bonds	14,380		14,380	14,380	
Interest on bonds	581,356		581,356	581,356	
Redemption of principal	432,000		432,000	432,000	
Total regular debt service	1,102,141		1,102,141	1,102,138	3
Excess (Deficiency) of revenues over (under) expenditures	(26,763)		(26,763)	(26,760)	3
Other Financing Sources (Uses):					
Transfer In				37,487	37,487
Transfer out					
Net Change in Fund Balance	(26,763)		(26,763)	10,727	37,490
Fund Balance - July 1, 2010	58,349		58,349	58,349	
Fund Balance - June 30, 2011	\$ 31,586	\$ -	\$ 31,586	\$ 69,076	\$ 37,490
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	\$ (26,763)	\$ -	\$ (26,763)	\$ (26,760)	\$ 3

Statistical Section

Haddon Heights School District
 Net Assets by Component,
 Last Nine Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 664,633	\$ (13,466)	\$ 241,426	\$ 7,117,362	\$ 8,498,924	\$ 8,859,631	\$ 9,130,657	\$ 9,099,308	\$ 9,153,182
Restricted for:									
Capital projects			(349)	471,467	174,906	72,483	232,137	202,000	202,202
Debt service			76,758	322,458	78,789	166,429	192,437	136,147	69,076
Other purposes	307,341	579,403	532,273	644,129	785,110	1,123,739	1,412,841	1,986,242	1,982,657
Unrestricted	(738,581)	(352,220)	(336,857)	(841,801)	(538,179)	(363,938)	(309,007)	(332,076)	(138,963)
Total governmental activities net assets	\$ 233,393	\$ 213,717	\$ 513,251	\$ 7,713,615	\$ 8,999,550	\$ 9,858,344	\$ 10,659,065	\$ 11,091,621	\$ 11,268,154
Business-type activities:									
Invested in capital assets, net of related debt	\$ 16,760	\$ 13,859	\$ 11,992	\$ 10,273	\$ 7,889	\$ 8,558	\$ 6,887	\$ 5,534	\$ 4,419
Unrestricted	15,330	12,861	8,325	5,302	7,770	7,340	22,554	44,641	40,692
Total business-type activities net assets	\$ 32,090	\$ 26,720	\$ 20,317	\$ 15,575	\$ 15,659	\$ 15,898	\$ 29,441	\$ 50,175	\$ 45,111
District-wide:									
Invested in capital assets, net of related debt	\$ 681,393	\$ 393	\$ 253,418	\$ 7,127,635	\$ 8,506,813	\$ 8,868,189	\$ 9,137,544	\$ 9,104,842	\$ 9,157,601
Restricted:									
Capital projects	-	-	(349)	471,467	174,906	72,483	232,137	202,000	202,202
Debt service	-	-	76,758	322,458	78,789	166,429	192,437	136,147	69,076
Other purposes	307,341	579,403	532,273	644,129	785,110	1,123,739	1,412,841	1,986,242	1,982,657
Unrestricted	(723,251)	(339,359)	(328,532)	(836,499)	(530,409)	(356,598)	(286,453)	(287,435)	(98,271)
Total district net assets	\$ 265,483	\$ 240,437	\$ 533,568	\$ 7,729,190	\$ 9,015,209	\$ 9,874,242	\$ 10,688,506	\$ 11,141,796	\$ 11,313,265

Haddon Heights School District
 Changes in Net Assets, Last Nine Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
Instruction:									
Regular	\$ 7,207,077	\$ 7,325,941	\$ 7,883,410	\$ 6,452,459	\$ 6,672,626	\$ 6,568,663	\$ 7,062,092	\$ 6,534,308	\$ 7,016,943
Special education	1,079,055	1,421,253	1,671,566	1,271,129	1,374,376	1,409,584	1,496,208	2,365,330	1,637,479
Other instruction	893,310	989,060	1,077,755	883,557	931,949	989,845	1,063,020	1,079,270	1,078,914
Support Services:									
Tuition	942,137	995,587	1,015,748	1,038,007	1,157,060	1,204,880	722,839	696,444	672,569
Student & instruction related services	1,788,757	1,919,992	1,992,282	1,603,318	1,898,488	1,895,719	2,000,692	2,222,222	2,122,438
School administrative services	845,557	889,759	879,450	713,351	761,705	815,323	848,691	853,327	866,562
General and business administrative services	593,933	601,719	931,663	744,597	717,961	700,279	769,412	724,357	804,465
Plant operations and maintenance	1,220,256	1,687,262	1,374,328	1,209,994	1,383,070	1,925,888	2,040,992	2,026,025	1,853,222
Pupil transportation	310,943	359,292	387,663	367,713	373,070	353,369	319,488	224,359	278,835
Business and other support services	250,771	279,239							
Unallocated employee benefits				3,682,058	4,493,041	4,721,409	4,189,919	4,280,924	4,706,912
Interest on long-term debt	126,786	147,729	162,681	659,614	703,349	661,319	776,363	642,884	678,579
Unallocated depreciation	29,495	21,385	25,988	132,814	25,198	92,350	525,233	531,646	527,157
Total governmental activities expenses	<u>15,288,077</u>	<u>16,638,218</u>	<u>17,402,534</u>	<u>18,758,611</u>	<u>20,491,893</u>	<u>21,338,628</u>	<u>21,814,949</u>	<u>22,181,096</u>	<u>22,244,075</u>
Business-type activities:									
Food service	333,696	345,998	363,940	354,152	270,637	310,527	325,484	330,208	319,337
Total business-type activities expense	<u>333,696</u>	<u>345,998</u>	<u>363,940</u>	<u>354,152</u>	<u>270,637</u>	<u>310,527</u>	<u>325,484</u>	<u>330,208</u>	<u>319,337</u>
Total district expenses	<u>\$ 15,621,773</u>	<u>\$ 16,984,216</u>	<u>\$ 17,766,474</u>	<u>\$ 19,112,763</u>	<u>\$ 20,762,530</u>	<u>\$ 21,649,155</u>	<u>\$ 22,140,433</u>	<u>\$ 22,511,304</u>	<u>\$ 22,563,412</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
Instruction (tuition)	\$ 3,125,068	\$ 3,585,603	\$ 4,032,082	\$ 4,601,958	\$ 5,098,341	\$ 6,122,995	\$ 6,928,773	\$ 8,016,589	\$ 8,203,004
Operating grants and contributions	1,719,089	1,869,343	2,003,675	2,184,852	2,845,131	2,687,258	2,021,227	2,493,938	2,362,468
Capital grants and contributions	19,262			6,983,012	297,063	31,036	17,113	19,157	37,487
Total governmental activities program revenues	<u>4,863,419</u>	<u>5,454,946</u>	<u>6,035,757</u>	<u>13,769,822</u>	<u>8,240,535</u>	<u>8,841,289</u>	<u>8,967,113</u>	<u>10,529,684</u>	<u>10,602,959</u>

(Continued)

Haddon Heights School District
 Changes in Net Assets, Last Nine Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Food service	278,913	288,803	304,115	296,256	176,815	244,923	260,137	252,531	224,193
Operating grants and contributions	48,991	51,552	52,978	52,365	53,325	65,354	78,560	98,066	89,797
Capital grants and contributions									
Total business type activities program revenues	<u>327,904</u>	<u>340,355</u>	<u>357,093</u>	<u>348,621</u>	<u>230,140</u>	<u>310,277</u>	<u>338,697</u>	<u>350,597</u>	<u>313,990</u>
Total district program revenues	<u>\$ 5,191,323</u>	<u>\$ 5,795,301</u>	<u>\$ 6,392,850</u>	<u>\$ 14,118,443</u>	<u>\$ 8,470,875</u>	<u>\$ 9,151,566</u>	<u>\$ 9,305,810</u>	<u>\$ 10,880,281</u>	<u>\$ 10,916,949</u>
Net (Expense)/Revenue:									
Governmental activities	\$(10,424,658)	\$(11,183,272)	\$(11,366,777)	\$(4,988,789)	\$(12,251,358)	\$(12,497,339)	\$(12,847,836)	\$(11,651,412)	\$(11,641,116)
Business-type activities	(5,792)	(5,643)	(6,847)	(5,531)	(40,497)	(250)	13,213	20,389	(5,347)
Total district-wide net expense	<u>\$(10,430,450)</u>	<u>\$(11,188,915)</u>	<u>\$(11,373,624)</u>	<u>\$(4,994,320)</u>	<u>\$(12,291,855)</u>	<u>\$(12,497,589)</u>	<u>\$(12,834,623)</u>	<u>\$(11,631,023)</u>	<u>\$(11,646,463)</u>
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 8,947,627	\$ 9,084,645	\$ 9,372,588	\$ 9,667,977	\$ 10,093,596	\$ 10,451,834	\$ 10,636,263	\$ 9,574,359	\$ 9,821,086
Taxes levied for debt service	292,613	347,593	428,795	426,201	1,139,338	1,091,460	1,217,979	1,037,718	1,070,942
Unrestricted grants and contributions	1,494,817	1,677,533	1,804,523	1,727,725	1,720,518	1,773,417	1,728,931	1,247,441	854,896
Investment earnings	719	306	1,032	248,577	453,704	84,187	20,092	2,074	202
Miscellaneous income	75,615	53,519	59,373	118,673	170,137	384,441	45,292	222,376	70,523
Reclassification of professional services						(429,206)			
Transfers					(40,000)				
Total governmental activities	<u>10,811,391</u>	<u>11,163,596</u>	<u>11,666,311</u>	<u>12,189,153</u>	<u>13,537,293</u>	<u>13,356,133</u>	<u>13,648,557</u>	<u>12,083,968</u>	<u>11,817,649</u>
Business-type activities:									
Investment earnings	282	273	444	789	581	489	330	345	283
Transfers					40,000				
Total business-type activities	<u>282</u>	<u>273</u>	<u>444</u>	<u>789</u>	<u>40,581</u>	<u>489</u>	<u>330</u>	<u>345</u>	<u>283</u>
Total district-wide	<u>\$ 10,811,673</u>	<u>\$ 11,163,869</u>	<u>\$ 11,666,755</u>	<u>\$ 12,189,942</u>	<u>\$ 13,577,874</u>	<u>\$ 13,356,622</u>	<u>\$ 13,648,887</u>	<u>\$ 12,084,313</u>	<u>\$ 11,817,932</u>
Change in Net Assets:									
Governmental activities	\$ 386,733	\$(19,676)	\$ 299,534	\$ 7,200,364	\$ 1,285,935	\$ 858,794	\$ 800,721	\$ 432,556	\$ 176,533
Business-type activities	(5,510)	(5,370)	(6,403)	(4,742)	84	239	13,543	20,734	(5,064)
Total district-wide	<u>\$ 381,223</u>	<u>\$(25,046)</u>	<u>\$ 293,131</u>	<u>\$ 7,195,622</u>	<u>\$ 1,286,019</u>	<u>\$ 859,033</u>	<u>\$ 814,264</u>	<u>\$ 453,290</u>	<u>\$ 171,469</u>

Haddon Heights School District
Fund Balances, Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)

J-3

Fiscal Year Ending June 30,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:									
Restricted for:									
Excess surplus		\$ 80,340	\$ 132,273	\$ 244,129	\$ 10,110	\$ 500,709	\$ 871,364	\$ 914,878	\$ 89,983
Capital reserve							200,000	202,000	202,202
Assigned to:									
Year-end encumbrances						303,030			
Designated for subsequent year's budget	\$ 225,000	410,000	400,000	400,000	775,000	320,000	541,477	1,071,364	1,814,878
Unassigned	562,204	370,926	236,885	252,173	307,304	332,303	314,842	305,585	354,491
Total general fund	<u>\$ 787,204</u>	<u>\$ 861,266</u>	<u>\$ 769,158</u>	<u>\$ 896,302</u>	<u>\$ 1,092,414</u>	<u>\$ 1,456,042</u>	<u>\$ 1,927,683</u>	<u>\$ 2,493,827</u>	<u>\$ 2,461,554</u>
All Other Governmental Funds									
Assigned to, reported in:									
Special revenue fund	\$ (1,935)								
Capital projects fund	6,241	\$ 6,241	\$ (349)	\$ 471,467	\$ 247,505	\$ 145,082	\$ 109,935	\$ 77,798	\$ 77,796
Debt service fund	96,918	82,822	76,758	322,458	6,190	93,830	114,639	58,349	69,076
Total all other governmental funds	<u>\$ 101,224</u>	<u>\$ 89,063</u>	<u>\$ 76,409</u>	<u>\$ 793,925</u>	<u>\$ 253,695</u>	<u>\$ 238,912</u>	<u>\$ 224,574</u>	<u>\$ 136,147</u>	<u>\$ 146,872</u>

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

J-4

Fiscal Year Ending June 30,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	\$ 8,076,105	\$ 9,240,240	\$ 9,432,238	\$ 9,801,383	\$ 10,094,178	\$ 11,232,934	\$ 11,543,294	\$ 11,854,242	\$ 10,612,077	\$ 10,892,028
Tuition charges	3,071,297	3,125,068	3,585,603	4,032,082	4,601,958	5,098,341	6,122,995	6,928,773	8,016,589	8,203,004
Interest earnings	1,872	719	306	1,032	248,577	453,704	84,187	20,092	2,074	202
Miscellaneous	44,938	75,615	53,519	59,373	118,673	170,137	384,441	45,292	222,376	70,523
State sources	2,401,730	2,897,867	3,199,310	3,507,648	10,525,131	4,362,960	4,140,828	3,420,025	3,043,213	2,700,934
Federal sources	402,799	335,300	347,586	364,211	400,907	499,752	350,883	347,246	717,323	553,917
Total revenue	13,998,741	15,674,809	16,618,542	17,765,729	25,989,424	21,817,828	22,626,628	22,615,670	22,613,652	22,420,608
Expenditures										
Instruction										
Regular instruction	5,432,672	5,540,905	5,716,175	6,080,597	6,298,930	6,443,732	6,579,660	6,991,566	6,465,221	7,114,163
Special education instruction	728,885	829,374	1,100,261	1,274,912	1,271,129	1,374,376	1,409,584	1,496,208	2,365,330	1,637,479
Other instruction	737,942	720,649	802,284	865,635	883,557	931,949	989,845	1,063,020	1,079,270	1,078,914
Support Services:										
Tuition	892,753	942,137	995,587	1,015,748	1,038,007	1,157,060	1,204,880	722,839	696,444	672,569
Student & instruction related services	1,405,594	1,429,818	1,543,067	1,570,145	1,603,318	1,898,488	1,895,719	2,000,692	2,222,222	2,122,438
School administrative services	689,429	684,186	704,863	691,162	713,351	761,705	815,323	848,691	853,327	866,562
General and business admin. services	608,237	658,716	706,067	736,523	706,531	879,530	698,351	767,484	723,890	804,465
Plant operations and maintenance	840,416	1,126,233	1,134,653	1,265,126	1,390,954	1,463,123	1,922,979	1,928,739	1,810,980	1,853,222
Pupil transportation	224,285	295,862	343,660	365,087	367,713	373,070	353,369	319,488	224,359	278,835
Other support services	2,066,593	2,598,599	2,923,402	3,296,536	3,682,058	4,493,041	4,721,409	4,189,919	4,280,924	4,706,912
Capital outlay	532,252	207,494	565,150	268,756	20,511,740	1,161,714	591,899	601,136	283,098	204,459
Debt service:										
Principal	175,000	195,000	220,000	302,000	307,000	426,860	427,000	446,703	482,000	497,000
Interest and other charges	130,203	126,786	147,729	138,264	124,476	957,198	666,282	781,882	648,870	605,138
Total expenditures	14,464,261	15,335,759	16,902,898	17,870,491	38,898,764	22,121,946	22,276,300	22,158,367	22,135,935	22,442,156
Excess (Deficiency) of revenues over (under) expenditures	(465,520)	339,050	(284,356)	(104,762)	(12,909,340)	(304,118)	350,328	457,303	477,717	(21,548)
Other Financing sources (uses)										
Proceeds from borrowing					13,569,000					
Capital lease			346,257		185,000					
Transfers in	54,000	42,120			245,465	449,382	84,187		31,507	37,487
Transfers out	(54,000)	(42,120)			(245,465)	(489,382)	(85,670)		(31,507)	(37,487)
Total other financing sources (uses)	-	-	346,257	-	13,754,000	(40,000)	(1,483)	-	-	-
Net change in fund balances	\$ (465,520)	\$ 339,050	\$ 61,901	\$ (104,762)	\$ 844,660	\$ (344,118)	\$ 348,845	\$ 457,303	\$ 477,717	\$ (21,548)
Debt service as a percentage of noncapital expenditures	2.19%	2.13%	2.25%	2.50%	2.35%	6.60%	5.04%	5.70%	5.17%	4.96%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Admission Fees	Prior Year Refunds	E-Rate Rebates	Rentals	Sale of Property	Settlement	Contributions	Miscellaneous	Total
2002	\$ 30,410	\$ 3,071,297	\$ 3,156	\$ 9,603		\$ 330				\$ 1,439	\$ 3,116,235
2003	19,187	3,134,641	3,380	15,964		12,000				934	3,186,106
2004	22,807	3,585,603		16,185	\$ 2,925	8,583			\$ 1,000	2,019	3,639,122
2005	39,536	4,032,082	5,029	6,090	1,449	2,520				4,749	4,091,455
2006	325,017	4,601,958		42,233							4,969,208
2007	602,833	5,098,341		7,256						13,752	5,722,182
2008	177,557	6,122,995		7,836			\$ 283,235				6,591,623
2009	61,954	6,928,773		3,430							6,994,157
2010	27,217	8,016,589		69,061				\$ 125,000		3,172	8,241,039
2011	16,068	8,203,004		47,693						6,964	8,273,729
	<u>\$ 1,322,586</u>	<u>\$ 52,795,283</u>	<u>\$ 11,565</u>	<u>\$ 225,351</u>	<u>\$ 4,374</u>	<u>\$ 23,433</u>	<u>\$ 283,235</u>	<u>\$ 125,000</u>	<u>\$ 1,000</u>	<u>\$ 33,029</u>	<u>\$ 54,824,856</u>

96

Source: District records

**Haddon Heights School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2002	\$ 609,500	\$ 344,586,500	\$ 46,588,300	\$ 295,700	\$ 5,751,700	\$ 397,831,700	\$ 741,652	\$ 398,573,352	\$ 53,240,400	\$ 2.173	\$ 432,205,924
2003	702,000	344,437,600	46,591,600	295,700	5,751,700	397,778,600	684,580	398,463,180	53,393,400	2.343	465,968,985
2004	664,800	345,868,100	46,379,900	295,700	5,751,700	398,960,200	591,005	399,551,205	53,183,000	2.407	508,652,615
2005	810,700	347,159,800	45,563,800	295,700	5,751,700	399,581,700	499,974	400,081,674	53,555,200	2.486	574,958,534
2006	853,800	348,358,400	45,765,500	295,700	5,751,700	401,025,100	392,310	401,417,410	53,567,400	2.657	670,080,456
2007	R 1,584,700	732,517,900	82,034,800	517,600	7,595,100	824,250,100	660,779	824,910,879	90,472,900	1.380	800,748,238
2008	2,398,400	728,223,300	82,956,400	517,600	7,692,600	821,788,300	904,619	822,692,919	90,750,600	1.422	806,342,529
2009	3,204,900	725,568,400	82,776,000	517,600	7,541,600	819,608,500	989,017	820,597,517	91,970,400	1.369	805,984,355
2010	2,415,100	728,656,700	81,469,300	517,600	6,152,900	819,211,600	1,332,502	820,544,102	94,724,800	1.311	807,881,871
2011	1,659,700	730,546,500	81,102,700	517,600	6,285,800	820,112,300	1,051,913	821,164,213	95,507,700	1.339	Not available

94

Source:
Municipal Tax Assessor

Note:
Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

- a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100 of assessed valuation.
- R Revaluation

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

Fiscal Year Ended June 30,	Haddon Heights School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Haddon Heights	Library	Camden County	
2002	\$ 2.103	\$ 0.070	\$ 2.173	\$ 0.810		\$ 0.977	\$ 3.960
2003	2.256	0.087	2.343	0.833		1.055	4.231
2004	2.334	0.073	2.407	0.867		1.048	4.322
2005	2.379	0.107	2.486	0.975		1.113	4.574
2006	2.551	0.106	2.657	1.101		1.262	5.020
2007	R 1.248	0.132	1.380	0.581		0.608	2.569
2008	1.293	0.129	1.422	0.602		0.579	2.603
2009	1.243	0.126	1.369	0.616		0.568	2.553
2010	1.181	0.130	1.311	0.630		0.602	2.543
2011	1.209	0.130	1.339	0.559	\$ 0.032	0.656	2.586

96

Source: Municipal Tax Collector

R Revaluation

**Haddon Heights School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

DONE

J-8

86

Taxpayer	2010-2011		Taxpayer	2001-2002	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
500 Grove Associates	\$ 4,121,000	0.50%	Gorve Street Limited	\$ 2,374,000	0.60%
401 Haddon Heights, LLC	3,987,300	0.49%	New Jersey American Water Company	2,100,600	0.53%
515 Grove Street Associates	3,216,100	0.39%	Medical Heights Associates	1,224,000	0.31%
JB Investments	2,372,200	0.29%	JB Investments	1,215,700	0.31%
Cor V Properties	1,875,200	0.23%	Haddon Savings and Loan	1,152,800	0.29%
Haddon Savings Bank	1,692,800	0.21%	New Jersey American Water Company	943,900	0.24%
Costel White Horse LLC	1,598,000	0.19%	Ross Louis	879,500	0.22%
SAS WHP, LP	1,352,600	0.16%	Citizens Bank of Pennsylvania	875,300	0.22%
Medical Heights Associates	1,335,200	0.16%	William A & KM Steele Living trust	836,300	0.21%
Rettner, Ron Cherry Hill Plazas	1,250,000	0.15%	WHP Properties	776,900	0.19%
Total	\$ 22,800,400	2.78%		\$ 12,379,000	3.11%

Source: Municipal Tax Assessor

**Haddon Heights School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 8,076,105	\$ 8,076,105	100.00%	-
2003	9,240,240	9,240,240	100.00%	-
2004	9,432,238	9,432,238	100.00%	-
2005	9,801,383	9,801,383	100.00%	-
2006	10,094,178	10,094,178	100.00%	-
2007	11,232,934	11,232,934	100.00%	-
2008	11,543,294	11,543,294	100.00%	-
2009	11,854,242	11,854,242	100.00%	-
2010	10,612,077	10,612,077	100.00%	-
2011	10,892,028	10,892,028	100.00%	-

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

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statutes, 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.

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

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2002	\$ 1,848,000	\$1,660,334	\$ 787,019	\$ -	\$ 4,295,353	1.81%	\$ 573
2003	3,093,000	-	72,097	-	3,165,097	1.30%	422
2004	2,873,000	-	329,197	-	3,202,197	1.28%	429
2005	2,571,000	-	223,165	-	2,794,165	1.08%	377
2006	15,833,000	-	301,741	-	16,134,741	6.04%	2,182
2007	15,421,000	-	206,728	-	15,627,728	5.52%	2,124
2008	14,994,000	-	112,846	-	15,106,846	5.14%	2,060
2009	14,547,000	-	14,918	-	14,561,918	4.64%	1,919
2010	14,065,000	-	-	-	14,065,000	4.44%	1,835
2011	13,568,000	-	-	-	13,568,000	Unavailable	1,770

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2002	1,848,000	\$ -	\$ 1,848,000	0.46%	\$ 246
2003	3,093,000	-	3,093,000	0.78%	413
2004	2,873,000	-	2,873,000	0.72%	385
2005	2,571,000	-	2,571,000	0.64%	347
2006	15,833,000	-	15,833,000	3.94%	2,141
2007	15,421,000	-	15,421,000	1.87%	2,096
2008	14,994,000	-	14,994,000	1.82%	2,045
2009	14,547,000	-	14,547,000	1.77%	1,917
2010	14,065,000	-	14,065,000	1.71%	1,835
2011	13,568,000	-	13,568,000	1.65%	1,770

Sources:

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.

**Haddon Heights School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Haddon Heights	\$ 5,711,550 (1)	100.000%	\$ 5,711,550
Camden County General Obligation Debt	156,835,508 (1)	2.826% (2)	4,432,171
			<hr/>
Subtotal, overlapping debt			10,143,721
Haddon Heights School District Direct Debt			<hr/>
			13,568,000
Total direct and overlapping debt			<hr/> <hr/>
			\$ 23,711,721

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2010 Equalized Valuation. The source for this computation was the 2010 County Abstract of Ratables, provided by the County Board of Taxation.

**Haddon Heights School District
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)**

J-13

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis (1)
	2010 \$ 799,308,811
	2009 805,195,501
	2008 805,437,910
	<u>\$ 2,409,942,222</u>
Average equalized valuation of taxable property	<u>\$ 803,314,074</u>
Debt limit (4% of average equalized valuation) (2)	32,132,563
Net bonded school debt (3)	<u>13,568,000</u>
Legal debt margin	<u>\$ 18,564,563</u>

Fiscal Year

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 16,530,492	\$ 17,399,265	\$ 18,642,494	\$ 20,555,284	\$ 23,245,317	\$ 26,537,890	\$ 29,575,962	\$ 31,437,021	\$ 32,142,945	\$ 32,132,563
Total net debt applicable to limit (3)	<u>2,478,000</u>	<u>3,093,000</u>	<u>2,873,000</u>	<u>2,571,000</u>	<u>15,833,000</u>	<u>15,421,000</u>	<u>14,994,000</u>	<u>14,547,000</u>	<u>14,065,000</u>	<u>13,568,000</u>
Legal debt margin	<u>\$ 14,052,492</u>	<u>\$ 14,306,265</u>	<u>\$ 15,769,494</u>	<u>\$ 17,984,284</u>	<u>\$ 7,412,317</u>	<u>\$ 11,116,890</u>	<u>\$ 14,581,962</u>	<u>\$ 16,890,021</u>	<u>\$ 18,077,945</u>	<u>\$ 18,564,563</u>
Total net debt applicable to the limit as a percentage of debt limit	14.99%	17.78%	15.41%	12.51%	68.11%	58.11%	50.70%	46.27%	43.76%	42.23%

Sources:

- (1) Equalized valuation bases were obtained from 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

**Haddon Heights School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2001	7,498	\$ 237,019,278	\$ 31,611	1.6%
2002	7,493	243,365,147	32,479	2.3%
2003	7,457	251,129,389	33,677	2.4%
2004	7,415	258,234,790	34,826	2.1%
2005	7,394	267,130,432	36,128	3.3%
2006	7,359	283,203,756	38,484	3.6%
2007	7,332	293,661,264	40,052	3.3%
2008	7,588	313,657,568	41,336	4.4%
2009	7,665	316,426,530	41,282	7.0%
2010	7,665	e	e	7.3%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

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

J-16

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Function/Program</u>										
Instruction										
Regular	99	101	103	102	100	103	106	105	106	106
Special education	28	36	36	37	35	37	35	36	33	20
Other special education	8	8	8	10	10	9	9	9	8	11
Support Services:										
Student & instruction related services	21	21	21	21	21	20	18	18	18	17
School administrative services	11	11	11	11	11	11	11	11	11	11
General and business administrative services	5	5	5	5	5	5	5	5	4	2
Plant operations and maintenance	25	25	25	25	25	22	25	27	27	24
Pupil transportation	5	5	5	5	5	5	5	5	6	5
Business and other support services	5	5	5	5	5	5	4	4	4	4
Total	<u>207</u>	<u>217</u>	<u>219</u>	<u>221</u>	<u>217</u>	<u>217</u>	<u>218</u>	<u>220</u>	<u>217</u>	<u>200</u>

Source:
District Personnel Records

Haddon Heights School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior/Senior High School				
2002	1,275	\$ 13,626,805	\$ 10,687.69	-2.83%	116	1:11	1:11	1,277.3	1,207.6	4.30%	94.06%
2003	1,299	14,806,479	11,398.37	6.65%	117	1:09	1:09	1,268.0	1,196.9	-0.70%	94.39%
2004	1,278	15,970,019	12,496.10	9.63%	123	1:11	1:10	1,257.0	1,190.5	-0.80%	94.71%
2005	1,289	17,161,471	13,313.79	6.54%	124	1:10	1:10	1,268.1	1,196.2	0.90%	94.33%
2006	1,278	17,955,548	14,049.72	5.53%	125	1:09	1:10	1,244.8	1,164.7	-1.84%	93.57%
2007	1,264	19,576,074	15,487.40	10.23%	125	1:11	1:09	1,251.4	1,180.9	0.53%	94.37%
2008	1,300	20,591,119	15,839.32	12.74%	123	1:11	1:10	1,291.8	1,216.1	3.23%	94.14%
2009	1,350	20,328,646	15,058.26	-2.77%	124	1:10	1:10	1,341.4	1,265.4	3.84%	94.33%
2010	1,409	20,721,967	14,706.86	-7.15%	129	1:11	1:11	1,388.6	1,313.1	3.52%	94.56%
2011	1,338	21,135,559	15,796.38	4.90%	119	1:11	1:11	1,322.4	1,246.6	-4.77%	94.27%

104

Sources: District records

Note: Enrollment based on annual October district count.

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

**Haddon Heights School District
School Building Information
Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>										
<u>Elementary</u>										
Glenview Avenue Elementary (1964)										
Square Feet	39,897	39,897	39,897	39,897	39,897	47,167	47,167	47,167	47,167	47,167
Capacity (students)	184	184	184	184	184	236	236	236	236	236
Enrollment	173	184	182	183	181	179	180	193	209	192
Atlantic Avenue Elementary (1964)										
Square Feet	19,550	19,550	19,550	19,550	19,550	30,416	30,416	30,416	30,416	30,416
Capacity (students)	156	156	156	156	156	157	157	157	157	157
Enrollment	133	155	146	150	133	134	140	150	167	174
Seventh Avenue Elementary (1907)										
Square Feet	26,072	26,072	26,072	26,072	26,072	36,225	36,225	36,225	36,225	36,225
Capacity (students)	121	121	121	121	121	138	138	138	138	138
Enrollment	115	121	110	107	120	111	119	124	133	130
<u>Senior High School</u>										
Junior/Senior High School (1923)										
Square Feet	122,223	122,223	122,223	122,223	122,223	157,627	157,627	157,627	157,627	157,627
Capacity (students)	571	571	571	571	571	1,102	1,102	1,102	1,102	1,102
Enrollment	817	800	792	803	843	840	861	883	900	831

105

Number of Schools at June 30, 2011
 Elementary = 3
 Middle School = 1
 Senior High School = 1
 Other = 0

Source: District Facilities Office

Haddon Heights School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
* School Facilities											
Junior/Senior High School	\$ 386,278	\$ 167,949	\$ 150,503	\$ 182,206	\$ 183,563	\$ 235,973	\$ 410,832	\$ 330,377	\$ 202,663	\$ 208,379	\$ 2,458,723
Glenview Avenue Elementary	57,799	44,578	38,141	38,235	40,404	28,296	50,793	42,197	46,421	41,011	427,875
Atlantic Avenue Elementary	55,510	24,378	23,982	29,957	23,647	38,333	39,212	35,202	29,869	28,675	328,765
Seventh Avenue Elementary	69,244	33,509	27,250	23,731	29,864	44,934	33,556	36,704	35,859	38,339	372,990
Other facilities	3,433			1,231	5,589		1,407				11,660
Total School Facilities	\$ 572,264	\$ 270,414	\$ 239,876	\$ 275,360	\$ 283,067	\$ 347,536	\$ 535,800	\$ 444,480	\$ 314,812	\$ 316,404	\$ 3,600,013

106

* 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

**Haddon Heights School District
Insurance Schedule
June 30, 2011**

J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$150,000,000	\$ 200,000	\$500
General and automobile liability	10,000,000	150,000	
Boiler and machinery	100,000,000		
Workers' compensation	Statutory		
Crime coverage	500,000	200,000	500
School Leaders professional liability	10,000,000	100,000	
Excess liability	10,000,000		
Employers liability	5,000,000		
Environmental impairment liability	3,000,000		25,000
Student Accident Insurance (2)	1,000,000		
Surety Bonds (3)			
Treasurer	220,000		
Board Secretary	88,000		

- (1) School Alliance Insurance Fund
- (2) Maskin Management Co.
- (3) Selective Insurance Co.

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: iscpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS 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 NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and Members
of the Board of Education
Haddon Heights School District
County of Camden
Haddon Heights, New Jersey

Compliance

We have audited Haddon Heights School District (School District), in the County of Camden, State of New Jersey'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, 2011. 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; OMB Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations*; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 Haddon Heights School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. 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 OMB's Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items #2011-1 and #2011-2.

Internal Control Over Compliance

Management of the Haddon Heights 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 the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The Haddon Heights School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit School District's response and, accordingly, we express no opinion on the response.

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
September 23, 2011

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2010			Caryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2011			
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education - Passed through State Department of Education:															
Special Revenue Fund:															
Title I:															
Fiscal Year 2009	84.010A	NCLB188009	\$ 68,798	9/1/08 - 8/31/11	\$ (90,735)	\$ 28,840		\$ 2,748	\$ 59,147						
Fiscal Year 2010	84.010A	NCLB188010	70,870	9/1/09 - 8/31/11	(45,781)	33,288		(7,772)	12,492	\$ (33,288)		\$ (41,061)			
Fiscal Year 2011	84.010	NCLB188011	95,326	9/1/10 - 8/31/11					88,800	(87,270)		(7,008)	\$ 8,538		
ARRA	84.389	N/A	23,241	9/1/09 - 8/31/11	(23,241)	4,851			23,241	(4,851)					
Title I - SIA:															
Fiscal Year 2009	84.010A	NCLB188009	8,328	9/1/08 - 8/31/11	(8,328)	4,469		(1)				(3,860)			
Title II A:															
Fiscal Year 2009	84.367A	NCLB188009	32,643	9/1/08 - 8/31/11	(38,365)	6,227		16,500	15,638						
Fiscal Year 2010	84.367A	NCLB188010	33,025	9/1/09 - 8/31/11	(33,025)	3,242		(6,886)	29,783	(3,241)		(10,127)			
Fiscal Year 2011	84.367	NCLB188011	33,604	9/1/10 - 8/31/11					26,814	(31,617)		(16,434)	11,631		
Title II D:															
Fiscal Year 2011	84.318X	NCLB188011	202	9/1/10 - 8/31/11					184	(153)		(252)	283		
Fiscal Year 2010	84.318X	NCLB188010	721	9/1/09 - 8/31/11	(721)	170			551						
Title IV:															
Fiscal Year 2011	84.186A	NCLB188011	1,986	9/1/10 - 8/31/11								(1,986)	1,986		
Fiscal Year 2010	84.186A	NCLB188010	3,651	9/1/09 - 8/31/11	(3,651)	495				(4)		(3,029)			
Fiscal Year 2009	84.186A	NCLB188009	3,620	9/1/08 - 8/31/11	(3,393)	2,029		131							
I.D.E.A. Part B - Basic:															
Fiscal Year 2011	84.027	FT188011	283,338	9/1/10 - 8/31/11				3,388	205,140	(280,586)		(110,742)	38,584		
Fiscal Year 2010	84.027	FT188010	272,463	9/1/09 - 8/31/11	(42,425)	36,353		(3,809)	9,881						
ARRA	84.391	N/A	316,003	9/1/09 - 8/31/11	(197,624)	98,229			162,784	(91,398)		(34,840)	6,833		
I.D.E.A. Part B - Preschool:															
Fiscal Year 2011	84.173	PS188011	10,967	9/1/10 - 8/31/11					2,682	(4,657)		(8,285)	6,310		
Fiscal Year 2010	84.173	PS188010	10,380	9/1/09 - 8/31/11	(1,131)				1,131						
ARRA	84.392	N/A	11,422	9/1/09 - 8/31/11	(8,748)	7,131			7,751	(7,082)		(997)	49		
Carl Perkins															
Fiscal Year 2011	84.048A	PERK-1880-1	17,139	9/1/10 - 8/31/11					3,468	(9,772)		(6,304)			
Total U.S. Department of Education					(497,168)	225,324		5,663	649,487	(553,917)		(244,925)	74,314		
U.S. Department of Agriculture - Passed through State Department of Agriculture:															
Food Service Fund:															
Food Distribution Program:															
Fiscal Year 2011	10.550	N/A	\$ 13,307	7/1/10 - 6/30/11					13,307	(13,307)					
National School Lunch Program															
Fiscal Year 2011	10.555	N/A	73,552	7/1/10 - 6/30/11					60,814	(73,552)		(12,738)			
Fiscal Year 2010	10.555	N/A	76,073	7/1/09 - 6/30/10	(4,573)				4,573						
Total U.S. Department of Agriculture					(4,573)				78,694	(86,859)		(12,738)			
Total Federal Awards					\$ (501,741)	\$ 225,324	\$ -	\$ 5,663	\$ -	\$ 728,181	\$ (640,776)	\$ -	\$ (257,663)	\$ 74,314	\$ -

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

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance June 30, 2010			Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	10-495-034-5120-078	\$ 460,172	7/1/09- 6/30/10	\$ (88,205)			\$ 88,205						
Equalization Aid	11-495-034-5120-078	330,027	7/1/10- 6/30/11				274,080	\$ (330,027)		\$ (55,947)			
Special Education Categorical Aid	11-495-034-5120-089	461,813	7/1/10- 6/30/11				461,813	(461,813)					
Nonpublic Transportation Aid	11-495-034-5120-014	2,262	7/1/10- 6/30/11					(2,262)		(2,262)			
Nonpublic Transportation Aid	10-495-034-5120-014	2,537	7/1/09- 6/30/10	(2,537)			2,537						
Extraordinary Aid	11-100-034-5120-473	28,536	7/1/10- 6/30/11					(28,536)		(28,536)			
Extraordinary Aid	10-495-034-5120-044	21,321	7/1/09- 6/30/10	(21,321)			21,321						
On-behalf TPAF Pension Contribution	11-495-034-5095-001	638,890	7/1/10- 6/30/11				638,890	(638,890)					
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	748,328	7/1/10- 6/30/11				712,372	(748,328)		(35,956)			
Reimbursed TPAF Social Security Contr.	10-495-034-5095-002	742,343	7/1/09- 6/30/10	(36,895)			36,895						
Total General Fund				(148,958)			2,236,113	(2,209,856)		(122,701)			
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid	10-100-034-5120-064	43,812	7/1/09- 6/30/10			\$ 11				\$ (11)			
Textbook Aid	11-100-034-5120-064	38,083	7/1/10- 6/30/11				38,083	(38,075)				\$ 8	
Nursing Aid	11-100-034-5120-070	45,125	7/1/10- 6/30/11				45,125	(45,125)					
Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	224,761	7/1/09- 6/30/10			1,774				(1,774)			
Compensatory Education	11-100-034-5120-067	202,704	7/1/10- 6/30/11				202,704	(180,263)				22,441	
Transportation	10-100-034-5120-067	8,751	7/1/09- 6/30/10			8,225				(6,225)			
Transportation	11-100-034-5120-067	12,524	7/1/10- 6/30/11				12,524	(6,094)				6,430	
English as a Second Language	11-100-034-5120-067	4,866	7/1/10- 6/30/11				4,866	(3,798)				1,068	
English as a Second Language	10-100-034-5120-068	11,255	7/1/09- 6/30/10			566				(566)			
Homebound Instruction	10-100-034-5120-067	4,261	7/1/09- 6/30/10	(4,261)			4,261						
Homebound Instruction	11-100-034-5120-067	2,105	7/1/10- 6/30/11					(2,105)		(2,105)			
Handicapped Services:													
Supplemental Instruction	10-100-034-5120-066	48,025	7/1/09- 6/30/10			16,392				(16,392)			
Supplemental Instruction	11-100-034-5120-066	41,690	7/1/10- 6/30/11				41,690	(32,763)				8,927	
Examination & Classification	10-100-034-5120-066	62,319	7/1/09- 6/30/10			8,057				(8,057)			
Examination & Classification	11-100-034-5120-066	61,062	7/1/10- 6/30/11				61,062	(50,210)				10,852	
Corrective Speech	10-100-034-5120-068	68,240	7/1/09- 6/30/10			570				(570)			
Corrective Speech	11-100-034-5120-066	66,967	7/1/10- 6/30/11				66,967	(58,464)				8,503	
Vocational Aid	10-100-034-5062-032	15,170	7/1/09- 6/30/10	(15,170)	\$ 1,727		13,443						
Total Special Revenue Fund				(19,431)	1,727	33,595	490,725	(416,897)		(33,595)	(2,105)		58,229
Total State Department of Education				(168,369)	1,727	33,595	2,726,838	(2,626,753)		(33,595)	(124,806)		58,229
State Department of Education													
Debt Service Fund:													
Debt Service Aid Type II	11-495-034-5120-017	\$ 4,436	7/1/10- 6/30/11				\$ 4,436	\$ (4,436)					
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2010	10-100-010-3350-023	4,278	7/1/09- 6/30/10	(265)			265						
Fiscal Year 2011	11-100-010-3350-023	2,938	7/1/10- 6/30/11				2,389	(2,938)		(549)			
Total Department of Agriculture				(265)			2,654	(2,938)		(549)			
Total State Financial Assistance				\$ (168,654)	\$ 1,727	\$ 33,595	\$ -	\$ 2,733,928	\$ (2,634,127)	\$ (33,595)	\$ (125,355)	\$ -	\$ 58,229

112

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

**Haddon Heights School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2011**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Haddon Heights School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$32,258 for the general fund and \$0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,242,114	\$ 2,242,114
Special Revenue Fund	\$ 553,917	416,897	970,814
Debt Service Fund		4,436	4,436
Food Service Fund	<u>86,859</u>	<u>2,938</u>	<u>89,797</u>
Total Awards & Financial Assistance	<u>\$ 640,776</u>	<u>\$ 2,666,385</u>	<u>\$ 3,307,161</u>

**Haddon Heights School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2011
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	Federal
Reclassification of balances	\$ 28,983
Expenditures reported for reimbursement however not documented	<u>(23,320)</u>
Total	<u>\$ 5,663</u>

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not considered to be a material weakness? yes X none reported

Noncompliance material to general purpose financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not considered to be a material weakness? yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>I.D.E.A. - Basic</u>
<u>84.391</u>	<u>ARRA - IDEA - Basic</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

FEDERAL AWARDS

Finding #2011-1

Information on the federal program:

NCLB – Title I – CFDA No. 84.010; IDEA Part B - Basic - CFDA No. 84.027; U. S. Department of Education; Passed-through State of New Jersey, Department of Education

Criteria or specific requirement:

Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education regulations require that all costs charged to a program be documented and supported.

Condition:

The final close out report for the NCLB and IDEA Part B, Basic 2009-2010 programs did not agree to the school district's accounting records.

Questioned Costs:

\$23,320

Context:

The school district could not provide documentation to support the total expenditures reported on the final close out report.

Effect:

The expenditures reported in the final close out report for the NCLB – Title I 2009-2010 program was overstated by \$19,511 and the IDEA Part B, Basic 2009-2010 was overstated by \$3,809.

Cause:

The final close out report expenditures were not agreed to the financial records of the school district prior to filing the reports.

Recommendation:

The School District should properly prepare the final program close-out reports and agree the total expenditures and unexpended balances with the financial records.

Management's response:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

FEDERAL AWARDS

Finding #2011-2

Information on the federal program:

IDEA Part B - Basic - CFDA No. 84.027; U. S. Department of Education; Passed-through State of New Jersey, Department of Education

Criteria or specific requirement:

Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education regulations require school districts to document all program related costs. To achieve compliance with these requirements, the designation of all federal employees, their salaries, assigned school and funding percentage must be documented in the board minutes to provide a public record of approval for these expenditures.

Condition:

Certain employees charged to the IDEA grant, and their related salaries, were not documented in the minutes of the Board of Education.

Questioned Costs:

None.

Context:

Of the \$7,240.66 in salaries charged to the IDEA grant \$3,990 were not listed and approved in the board minutes as being funded by the IDEA grant.

Effect:

Violation of OMB Circular A-87, Attachment B, Section 8(h) and New Jersey Department of Education regulations.

Cause:

Oversight on part of the school district officials.

Recommendation:

The School District should document, in the minutes of the Board of Education, board approval for all employees charged to a federal program, their related salaries, assigned school and funding percentage.

Management's response:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**HADDON HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2011**

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

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

Finding #2010-1

Condition:

Various supplies and equipment are purchased pursuant to a state contract but were not itemized in the minutes as being awarded by the board of education.

Current Status:

This condition has been corrected.