

**SCHOOL DISTRICT OF
HAINESPORT TOWNSHIP**

HAINESPORT BOARD OF EDUCATION
Hainesport, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAINESPORT TOWNSHIP BOARD OF EDUCATION

HAINESPORT, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

**Hainesport Township Board of Education
Finance Department**

OUTLINE OF CAFR – GASB 34

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6
FINANCIAL SECTION	
Independent Auditor's Report	7

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis	9
--------------------------------------	---

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:	
A-1 Statement of Net Assets	17
A-2 Statement of Activities	18
B. Fund Financial Statements:	
B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	21
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Funds:	
B-4 Statement of Net Assets	23
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Assets	24
B-6 Statement of Cash Flows	25
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	26
B-8 Statement of Changes in Fiduciary Net Assets	27
Notes to Financial Statements	28

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	51
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b American Recovery & Reinvestment Act -- Budget & Actual	62
C-1c Education Jobs Fund Program – Budget & Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	63

(continued)

OUTLINE OF CAFR – GASB 34 (continued):

	PAGE
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	64
D. School Based Budget Schedules –	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	65
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	68
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	69
F-2a Schedule of Revenues, Expenditures Project Balance & Project Status – Various Projects & Rehabilitations	70
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	71
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Assets	72
G-3 Combining Schedule of Cash Flows	73
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	74
H-2 Combining Statement of Changes in Fiduciary Net Assets	75
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	76
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	76
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	77
I-2 Schedule of Obligations Under Capital Leases	78
I-3 Debt Service Fund Budgetary Comparison Statement	79

(continued)

OUTLINE OF CAFR – GASB 34 (continued):

STATISTICAL SECTION (unaudited)

	PAGE
Financial Trends:	
J-1 Net Assets by Component	80
J-2 Changes in Net Assets	81
J-3 Fund Balances – Governmental Funds	84
J-4 Changes in Fund Balances – Governmental Funds	85
J-5 General Fund Other Local Revenue by Source	87
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	88
J-7 Direct & Overlapping Property Tax Rates	89
J-8 Principal Property Taxpayers	90
J-9 Property Tax Levies & Collections	91
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	91
J-11 Ratios of General Bonded Debt Outstanding	92
J-12 Direct & Overlapping Governmental Activities Debt	92
J-13 Legal Debt Margin Information	93
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	94
J-15 Principal Employers	94
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	95
J-17 Operating Statistics	96
J-18 School Building Information	97
J-19 Schedule of Required Maintenance	98
J-20 Insurance Schedule	99

K SINGLE AUDIT SECTION

K-1 Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	100
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	102
K-3 Schedule of Expenditures of Federal Awards, Schedule A See Additional Information	
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	104
K-5 Notes to Schedules of Awards and Financial Assistance	105
K-6 Schedule of Findings and Questioned Costs	107
K-7 Summary Schedule of Prior Audit Findings	109

(concluded)



INTRODUCTORY SECTION



Hainesport Township School
211 Broad Street, P.O. Box 538
Hainesport, NJ 08036
(609) 267-1316
Fax: (609) 702-0142

November 4, 2011

Main Office
Ext. 201

Superintendent/Principal
Virginia Grossman

Secretary
Cora Schiers

Secretary
Margaret Fuddy

Secretary
Nancy Rivera

Business Office
Ext. 215

Business Administrator
John Snuffin

Assistant to BA
Pat Gwynne

Child Study Team Office
Ext. 209

Special Services Supervisor
Jonathan Hart

Secretary
Meryl Pellicore

Facility Manager's Office
Ext. 180

Building & Grounds Supervisor
Joe Idell

Guidance Office
Ext. 239 & 140

Guidance
Patricia Schanely
Rose Wenz

Honorable President and
Members of the Board of Education
Township of Hainesport School District
County of Burlington
Hainesport, New Jersey 08036

Dear President and Members:

The comprehensive annual financial report of the Hainesport Township 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 management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, 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 findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre K through 8. These include regular and disabled youngsters. The District completed the 2010-11 fiscal year with an enrollment of 700 students. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2010-2011	700	0.57%
2009-2010	696	3.41%
2008-2009	673	3.85%
2007-2008	648	(0.15)%
2006-2007	649	(2.99)%

2) **ECONOMIC CONDITION AND OUTLOOK:** There continues to be much interest in constructing new homes in Hainesport. Developments are planned for 5 homes at Fenimore Farms and 4 homes at Deacon Hill Court. Subdivisions have been approved for 16 homes at Deacon Woods and for 4 homes for Harbor Properties, LLC.

3) **MAJOR INITIATIVES:** The Hainesport School District has focused on increasing student achievement rigor in Mathematics and Language Arts Literacy, K-2 math curricula has been updated and benchmarked according to National and State Standards. Noting the correlation between math and science, middle school students will participate in a United States Department of Education study regarding science metacognition. We will continue the Young Consumers Program sponsored by Wakefield Corporation and Shop Rite.

In Language Arts Literacy, the district has partnered with the University of Pennsylvania's "Penn Literacy Network." This pedagogical focus will enhance the opportunity for students to achieve proficient or advanced proficient on NJASK, and prepare teachers for updated curricula.

In addition, a focus on student data analysis involving NJASK, CoGAT, MAP and DRA has led to a district-initiated database to study student achievement formatively. This focus on data through technology has enhanced our practical utilization of technology. We have continued to upgrade our computer lab hardware and use of SmartBoard and Promethean Board technology.

These initiatives highlight a changing landscape at the Hainesport School.

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 loss, theft or misuse to ensure that adequate accounting data is 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, assurance 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; and (2) the valuation of 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 the District Management.

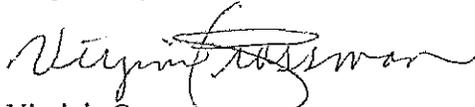
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

- 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 appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
- 7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 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:** State statutes require an annual audit by an independent certified public accountant. The accounting firm of Holman & Frenia, Certified Public Accountants, was selected by the Board. The auditor's report on the basic financial statements and combining 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 Hainesport Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Hainesport School District and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Virginia Grossman
Chief School Administrator



John Snuffin
Board Secretary/Business Administrator

Organizational Chart

Board of Education

Chief School Administrator

Board Secretary

Business Administrator

**Supervisor of Building, Grounds
& Transportation**

Custodians

Assistants

Food Services

Supervisor of Special Services

Child Study Team Members

Child Study Team Secretary

Professional Staff

Secretary

Clerk

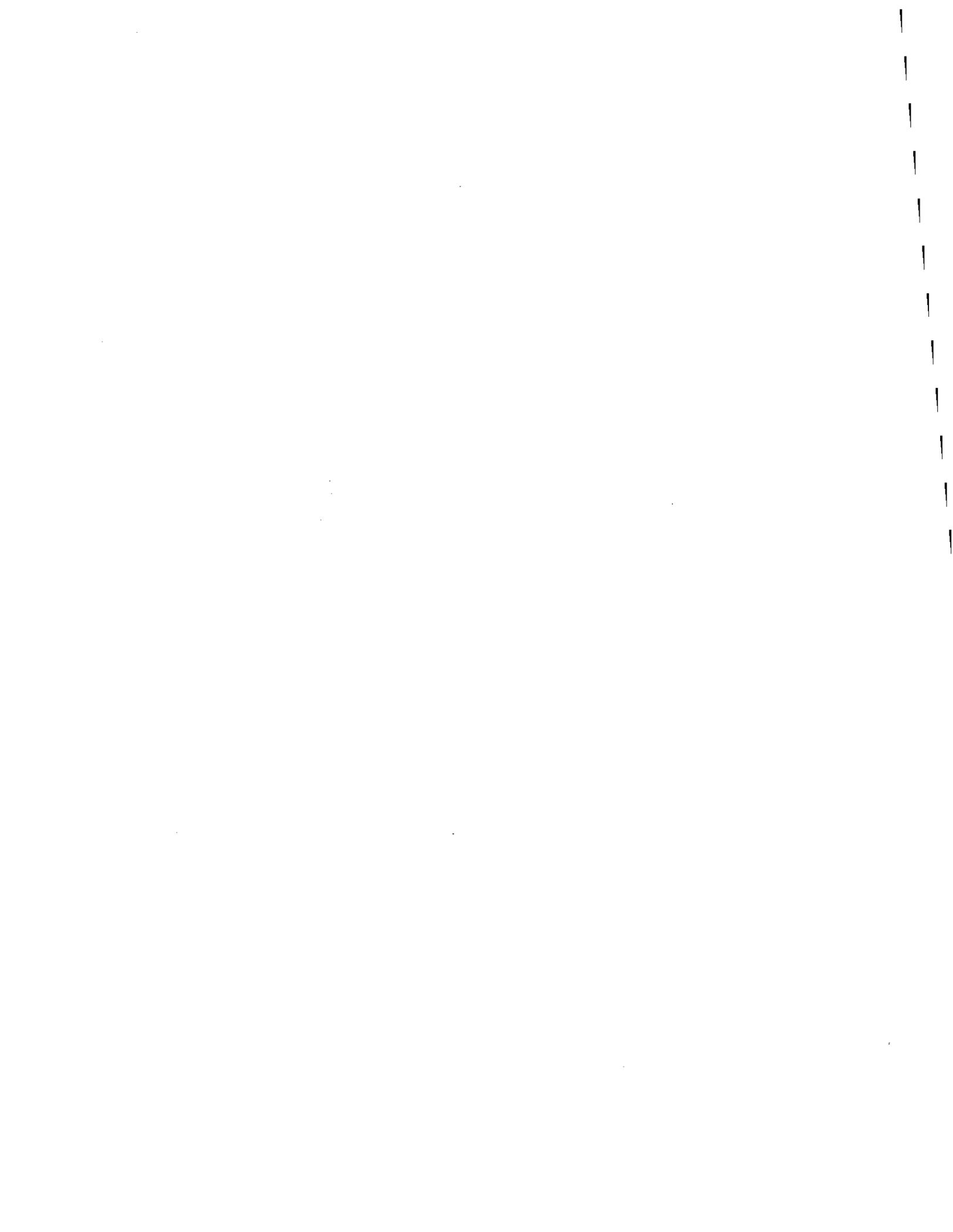
Paraprofessionals

Technology Coordinator

Superintendent's Secretary

1st Reading: August 26, 2010
2nd Reading: September 23, 2010

Adoption: Feb. 3, 2000
Reviewed: March 5, 2009
Revised: December 10, 2009
September 23, 2010



HAINESPORT TOWNSHIP BOARD OF EDUCATION
211 Broad Street
Hainesport, New Jersey 08036

ROSTER OF OFFICIALS
JUNE 30, 2011

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Elizabeth Palmese, President	2012
Ron Napoli Vice President	2013
Fred Glasgow	2013
Steven Maranz	2012
Bianca Masciocchi	2013
Michael Morelli	2014
Keith Peacock	2014
Jonathan Soltesz	2014
Michelle Turner	2012

OTHER OFFICIALS

Virginia Grossman, Superintendent/Principal

John Snuffin, Board Secretary/Business Administrator

Sharon Deviney, Treasurer

Capehart & Scatchard, Solicitor

HAINESPORT TOWNSHIP BOARD OF EDUCATION
211 Broad Street
Hainesport, New Jersey 08036

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Capehart & Scatchard
8000 Midlantic Drive, Suite 300
Mt. Laurel, New Jersey 08054

ARCHITECT

Regan Young England Butera
486 High Street
Mt. Holly, New Jersey 08060

OFFICIAL DEPOSITORY

Bank of America
10 Rancocas Road
Mt. Holly, New Jersey 08060

TD Bank
Route 541 & Levis Drive
Mt. Holly, New Jersey 08060

Beneficial Bank
53 East Main Street
Moorestown, New Jersey 08057

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hainesport Township
County of Burlington
Hainesport, New Jersey 08036

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hainesport Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011, on our consideration of the Hainesport Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

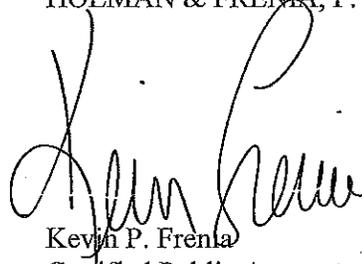
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 16 and 51 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 Hainesport Township School District's financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
November 4, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

HAINESPORT TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

UNAUDITED

As management of the Board of Education of the Hainesport Township, 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 \$5,565,722 (net assets).

Governmental activities have an unrestricted net assets deficit of \$311,657. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable, the capital improvement program and the last 2 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 \$542,975, or a 10.68% increase from the prior fiscal year-end balance.

Fund balance of the School District's governmental funds decreased by \$4,879,575. The majority of the decrease was due to payments made in the capital projects fund as a result of the \$9,625,202 capital project approved by the voters of Hainesport Township.

Business-type activities have unrestricted net assets of \$30,816 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program).

The School District's long-term obligations decreased by \$583,698 which, is the result of current year payments on existing debt obligations and capital leases payable..

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 net 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 expenditures 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 most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-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 financial 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.

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 interest expense on long-term debt, 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 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 \$5,565,722 with an unrestricted deficit balance of \$311,657. As mentioned earlier, deficit unrestricted net assets are primarily due to accounting treatment for compensated absences payable, the capital improvement program, accrued interest payable, the last 2 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 \$1,825,856 in land, improvements, buildings, equipment and vehicles provide services to the School District's students. Net assets of \$4,079,480 have been restricted as follows:

Designated for the 2011/12 budget	\$ 143,578
Excess surplus	126,152
Capital reserve	235,260
Capital projects	3,716,359
Debt services	(141,869)

**Hainesport Township School District
Comparative Summary of Net Assets
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets:						
Current Assets	\$4,711,749	9,534,339	30,816	45,836	4,742,565	9,580,175
Capital Assets	10,734,864	5,828,096	27,957	25,758	10,762,821	5,853,854
Total assets	15,446,613	15,362,435	58,773	71,594	15,505,386	15,434,029
Liabilities:						
Current Liabilities	971,373	859,293			971,373	859,293
Noncurrent Liabilities	8,909,518	9,493,216			8,909,518	9,493,216
Total Liabilities	9,880,891	10,352,509			9,880,891	10,352,509
Net assets	5,565,722	5,009,926	58,773	71,594	5,624,495	5,081,520
Net Assets Consist of:						
Invested in Capital Assets, Net of Related Debt	1,797,899	(3,640,978)	27,957	25,758	1,825,856	(3,615,220)
Restricted Net Assets	4,079,480	9,041,522			4,079,480	9,041,522
Unrestricted Net Assets/(Deficit)	(311,657)	(390,618)	30,816	45,836	(280,841)	(344,782)
Net Assets	\$5,565,722	5,009,926	58,773	71,594	5,624,495	5,081,520

Governmental Activities

Governmental activities increased the net assets of the School District by \$555,796 during the current fiscal year, thereby accounting for all the addition of the district. Key elements of the increase in net assets for governmental activities are as follows:

Reduction in Bonds Payable	\$499,762
Reduction in Capital Leases Payable	40,000

Business-type Activities

Business Type activities decreased the School District's net assets by \$12,821.

Hainesport Township School District
Comparative Schedule of Changes in Net Assets
As of June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program Revenues:						
Charges for Services			176,660	185,569	176,660	185,569
Operating Grants & Contributions	\$263,484	442,917	59,774	63,995	323,258	506,912
General Revenues:						
Property Taxes	7,535,305	7,094,720			7,535,305	7,094,720
State Aid	1,587,088	5,848,734			1,857,088	5,848,734
Tuition	112,567	135,433			112,567	135,433
Other Revenues	174,524	58,533	439	292	174,963	58,825
Total Revenues	9,942,968	13,580,337	236,873	249,856	10,179,841	13,830,193
Expenses:						
Governmental Activities:						
Instruction	3,752,520	4,394,426			3,752,520	4,394,426
Tuition	180,687	40,606			180,687	40,606
Related Services	864,118	842,708			864,118	842,708
Administrative Services	753,551	816,019			753,551	816,019
Operations & Maintenance	684,113	690,863			684,113	690,863
Transportation	495,641	404,197			495,641	404,197
Unallocated benefits	2,084,430	2,135,543			2,084,430	2,135,543
Special Schools	3,054	25,498			3,054	25,498
Interest on Long-Term Debt	340,138	242,451			340,138	242,451
Other	228,920	174,640			228,920	174,640
Business-Type Activities:						
Food Service Operations			249,694	250,631	249,694	250,631
Total Expenses	9,387,172	9,766,951	249,694	250,631	9,636,866	10,017,582
Increase (Decrease) in Net Assets Before transfers	555,796	3,813,386	(12,821)	(775)	542,975	3,812,611
Changes in Net Assets	555,796	3,813,386	(12,821)	(775)	542,975	3,812,611
Net assets July 1,	5,009,926	1,196,540	71,594	72,369	5,081,520	1,268,909
Net Assets June 30,	\$5,565,722	5,009,926	58,773	71,594	5,624,495	5,081,520

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 balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$4,443,118 a decrease of \$4,879,575 in comparison with the prior year. This decrease is the result of the capital improvement program.

The unreserved fund balance for the School District at the end of the fiscal year includes the General Fund of \$206,430. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital outlay expenditures (\$235,260), 2) excess surplus (\$126,152), 3) capital projects (\$1,848,076), 4) debt service (\$6,302), 5) committed to other purposes (\$1,868,283), 6) appropriated as a revenue source in the subsequent year’s budget (\$152,615).

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

The special revenue fund reflects no fund balance as revenue is generally recognized at the time that the outlays are identified.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget of \$99,000 represents additional costs involved with the privatization of our student transportation services in an effort to have all of our students arrive at school at the school at the same time. These additional costs were offset by the sale of our school buses.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$294,972, while the total fund balance (budgetary basis) was \$799,962. 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 \$8,533,221. Unreserved fund balance (budgetary basis) represents 3.46% of expenditures while total fund balance (budgetary basis) represents 9.37% 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 \$10,762,821 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total increase in the District’s investment in capital assets for the current fiscal year was \$4,908,967. This increase is primarily due to additions related to the capital improvement program in the amount of \$5,146,751 offset by current year depreciation of \$275,302.

**Hainesport Township School District
Capital Assets (net of accumulated depreciation)
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$40,490	40,490			40,490	40,490
Construction in	5,862,744	715,993			5,862,744	715,993
Site Improvements	11,168	8,032			11,168	8,032
Buildings & Building Improvements	4,167,889	4,807,248			4,167,889	4,807,248
Equipment	652,573	256,333	27,957	25,758	680,530	282,091
Vehicles						
Net Assets	<u>\$10,734,864</u>	<u>5,828,096</u>	<u>27,957</u>	<u>25,758</u>	<u>10,762,821</u>	<u>5,853,854</u>

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

Long-term debt - During the fiscal year ended June 30, 2011, the School District had total bonded debt outstanding of \$8,942,878 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for capital leases in the amount of \$40,000.

General obligation bonds in the amount of \$5,853,000 were issued in the 2009/10 fiscal year in relation to the capital improvement program. All general obligation bonds and capital lease payable 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 amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$26,698,346 and the legal debt margin was \$17,755,468

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 calendar year 2010, the inflation rate was 1.6 % percent. For the 2011-12 Fiscal year the School District will be receiving \$85,814 more in state aid than the previous year. Salary increases for the 2011/12 school year will be 1.75%. Health benefit costs are expected to increase 9.9 percent and prescription benefit costs are expected to increase 3.1%.
- Increases in salaries and increases in health benefit and prescription costs contributed to an increase in school property tax of \$.037 in the 2011/12 school 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 Hainesport Township School District Business Administrator, 211 Broad Street P.O. Box 538, Hainesport, New Jersey 08036, telephone number (609) 265-8050.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$2,830,562	22,514	2,853,076	5,382,043
Receivables, Net	1,600,014	141	1,600,155	3,904,153
Inventory		8,161	8,161	7,614
Restricted Assets:				
Cash & Cash Equivalents	235,260		235,260	232,799
Deferred Bond Issuance Costs - Net	45,913		45,913	53,566
Capital Assets - Net (Note 6)	10,734,864	27,957	10,762,821	5,853,854
Total Assets	15,446,613	58,773	15,505,386	15,434,029
LIABILITIES				
Accounts Payable	218,160		218,160	158,072
Deferred Revenue	4,558		4,558	8
Accrued Interest Payable	157,208		157,208	161,451
Noncurrent Liabilities (Note 7):				
Due Within One Year	591,447		591,447	539,762
Due Beyond One Year	8,909,518		8,909,518	9,493,216
Total Liabilities	9,880,891		9,880,891	10,352,509
NET ASSETS				
Invested in Capital Assets, Net of Related	1,797,899	27,957	1,825,856	(3,615,220)
Restricted For:				
Capital Projects	3,716,359		3,716,359	8,909,209
Debt Service	(141,869)		(141,869)	(138,028)
Other Purposes	504,990		504,990	270,341
Unrestricted	(311,657)	30,816	(280,841)	(344,782)
Total Net Assets	\$5,565,722	58,773	5,624,495	5,081,520

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS		
						(MEMORANDUM ONLY)		
					JUNE 30, 2011	JUNE 30, 2010		
18 Governmental Activities:								
Instruction:								
Regular	\$2,712,862		239,867	(2,472,995)	(2,472,995)	(2,755,103)		
Special Education	948,708			(948,708)	(948,708)	(342,215)		
Other Instruction	90,950			(90,950)	(90,950)	(1,045,373)		
Support Services & Undistributed Costs:								
Tuition	180,687			(180,687)	(180,687)	(40,606)		
Student & Instruction Related Services	864,118		6,794	(857,324)	(857,324)	(833,268)		
General Administrative Services	309,128			(309,128)	(309,128)	(352,394)		
School Administrative Services	161,823			(161,823)	(161,823)	(253,819)		
Central Services	204,368			(204,368)	(204,368)	(209,806)		
Plant Operations & Maintenance	684,113			(684,113)	(684,113)	(690,863)		
Pupil Transportation	495,641			(495,641)	(495,641)	(404,197)		
Unallocated Employee Benefits	2,084,430			(2,084,430)	(2,084,430)	(2,135,543)		
Special Schools	3,054			(3,054)	(3,054)	(25,498)		
Interest on Long-Term Debt	346,958			(346,958)	(346,958)	(242,451)		
Reduction In Compensated Absences	7,749			(7,749)	(7,749)	47,199		
Unallocated Depreciation & Amortization	292,583			(292,583)	(292,583)	(221,839)		
Total Governmental Activities	9,387,172		246,661	(9,140,511)	(9,140,511)	(9,505,776)		

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Business-Type Activities:							
Food Service	249,694	176,660	59,774		(13,260)	(13,260)	(1,067)
Total Business-Type Activities	249,694	176,660	59,774		(13,260)	(13,260)	(1,067)
Total Primary Government	\$9,636,866	176,660	306,435	(9,140,511)	(13,260)	(9,153,771)	(9,506,843)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				6,804,063		6,804,063	6,588,096
Taxes Levied for Debt Service				731,242		731,242	506,624
Federal & State Aid Not Restricted				1,873,911		1,873,911	6,026,342
Investment Earnings				2,461	439	2,900	3,515
Tuition Received				112,567		112,567	135,433
Miscellaneous Income				172,063		172,063	59,444
Total General Revenues, Special Items, Extraordinary Items & Transfers				9,696,307	439	9,696,746	13,319,454
Change In Net Assets				555,796	(12,821)	542,975	3,812,611
Net Assets - Beginning				5,009,926	71,594	5,081,520	1,268,909
Net Assets - Ending				\$5,565,722	58,773	5,624,495	5,081,520

See accompanying notes to the financial statements.

B. Fund Financial Statements

Governmental Funds

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Assets:						
Cash & Cash Equivalents	\$606,291	(71,998)	2,280,930	15,339	2,830,562	5,346,560
Receivables, Net	82,102	82,483	1,435,429		1,600,014	3,901,414
Restricted Cash & Cash Equivalents	235,260				235,260	232,799
Total Assets	\$923,653	10,485	3,716,359	15,339	4,665,836	9,480,773
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts Payable	\$212,233	5,927			218,160	158,072
Deferred Revenue		4,558			4,558	8
Total Liabilities	212,233	10,485			222,718	158,080
Fund Balances:						
Restricted for:						
Capital Reserve Account	235,260				235,260	232,799
Excess Surplus	126,152				126,152	
Excess Surplus - Designated for Subsequent Year's Expenditures						25,646
Capital Projects			1,848,076		1,848,076	2,403,557
Debt Service				6,302	6,302	4,023
Committed to:						
Other Purposes			1,868,283		1,868,283	6,505,652
Assigned to:						
Designated for Subsequent Year's Expenditures	143,578			9,037	152,615	31,296
Unassigned:	206,430				206,430	119,720
Total Fund Balances	711,420		3,716,359	15,339	4,443,118	9,322,693
Total Liabilities & Fund Balances	\$923,653	10,485	3,716,359	15,339		
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-2) 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 \$15,170,074, and the accumulated depreciation is \$4,435,210.					10,734,864	5,828,096
Bond issuance costs are amortized over the life of the Bonds on the statement of net assets.					45,913	53,566
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					(8,942,878)	(9,442,640)
Capital Lease Payable					(40,000)	(80,000)
Accrued Interest Payable					(157,208)	(161,451)
Compensated Absences Payable					(518,087)	(510,338)
Net assets of Governmental Activities					\$5,565,722	5,009,926

See accompanying notes to the financial statements.

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Revenues:						
Local Sources:						
Local Tax Levy	\$6,804,063			731,242	7,535,305	7,094,720
Tuition	112,567				112,567	135,433
Interest on Capital Reserve	2,461				2,461	3,223
Miscellaneous	150,747		21,316		172,063	59,444
Total Local Sources	7,069,838		21,316	731,242	7,822,396	7,292,820
State Sources	1,774,419	1,388		82,669	1,858,476	5,849,596
Federal Sources	10,323	251,773			262,096	437,921
Total Revenues	8,854,580	253,161	21,316	813,911	9,942,968	13,580,337
Expenditures:						
Current Expense:						
Regular Instruction	2,472,995	239,867			2,712,862	3,006,838
Special Education Instruction	948,708				948,708	342,215
Other Instruction	90,950				90,950	1,045,373
Support Services:						
Tuition	180,687				180,687	40,606
Student & Instruction Related Services	857,324	6,794			864,118	842,708
General Administrative Services	309,128				309,128	364,400
School Administrative Services	161,823				161,823	253,819
Central Services	204,368				204,368	209,806
Plant Operations & Maintenance	684,113				684,113	690,863
Pupil Transportation	495,641				495,641	404,197
Unallocated Employee Benefits	2,084,430				2,084,430	2,135,543
Capital Outlay	40,000	6,500	5,192,850		5,239,350	822,442
Special Schools	3,054				3,054	25,498
Debt Service:						
Principal				499,763	499,763	453,160
Interest & Other Charges				343,548	343,548	149,834
Total Expenditures	8,533,221	253,161	5,192,850	843,311	14,822,543	10,787,302
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	321,359		(5,171,534)	(29,400)	(4,879,575)	2,793,035
Other Financing Sources/(Uses):						
Bond Proceeds						5,853,000
Transfer From Other Funds				21,316	21,316	23,414
Transfer To Other Funds			(21,316)		(21,316)	(23,414)
Total Other Financing Sources/(Uses)			(21,316)	21,316		5,853,000
Net Change in Fund Balance	321,359		(5,192,850)	(8,084)	(4,879,575)	8,646,035
Fund Balance - July 1	390,061		8,909,209	23,423	9,322,693	676,658
Fund Balance - June 30	\$711,420	-	3,716,359	15,339	4,443,118	9,322,693

See accompanying notes to the financial statements.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	(\$4,879,575)
--	---------------

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

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

Depreciation Expense	(\$264,626)	
Adjustment Per Appraisal	(27,956)	
Fixed Asset Additions	5,199,350	4,906,768

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities liabilities in the statements of net assets.

General Obligation Bonds	499,762	
Capital Leases Payable	40,000	539,762

Bond issuance costs are reported in the governmental fund as expenditures in year the Bonds are issued. However, on the statement of activities, the costs are amortized over the life of the Bonds. (7,653)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).

Prior Year	161,451	
Current Year	(157,208)	4,243

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

Prior Year	510,338	
Current Year	(518,087)	(7,749)

Change in Net Assets of Governmental Activities	\$555,796
---	-----------

See accompanying notes to the financial statements.

Proprietary Funds

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <u>FOOD SERVICE</u>	TOTALS (MEMORANDUM ONLY) JUNE 30, JUNE 30, 2011 2010	
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$22,514	22,514	35,483
Accounts Receivable:			
State	141	141	188
Federal			2,551
Inventories	8,161	8,161	7,614
Total Current Assets	30,816	30,816	45,836
Noncurrent Assets:			
Equipment	167,089	167,089	154,214
Less: Accumulated Depreciation	(139,132)	(139,132)	(128,456)
Total Noncurrent Assets	27,957	27,957	25,758
Total Assets	58,773	58,773	71,594
NET ASSETS			
Investment in Capital Assets Net of Related Debt	27,957	27,957	25,758
Unrestricted	30,816	30,816	45,836
Total Net Assets	\$58,773	58,773	71,594

See accompanying notes to the financial statements.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Operating Revenues:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$102,943	102,943	106,848
Nonreimbursable Programs	73,717	73,717	78,721
	<hr/>		
Total Operating Revenue	176,660	176,660	185,569
	<hr/>		
Operating Expenses:			
Cost of Sales	104,259	104,259	117,241
Supplies & Materials	7,291	7,291	7,260
Salaries & Fringe Benefits	94,220	94,220	87,079
Management Fee	11,500	11,500	11,500
Cleaning, Maintenance & Repairs	9,831	9,831	
Other Costs	11,917	11,917	17,305
Depreciation	10,676	10,676	10,246
	<hr/>		
Total Operating Expenses	249,694	249,694	250,631
	<hr/>		
Operating Income/(Loss)	(73,034)	(73,034)	(65,062)
	<hr/>		
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	2,834	2,834	3,374
Federal Sources:			
National School Lunch Program	45,469	45,469	45,618
Food Distribution Program	11,471	11,471	15,003
Local Sources:			
Interest Earned on Investments	439	439	292
	<hr/>		
Total Nonoperating Revenues/(Expenses)	60,213	60,213	64,287
	<hr/>		
Change in Net Assets	(12,821)	(12,821)	(775)
Total Net Assets - Beginning	71,594	71,594	72,369
	<hr/>		
Total Net Assets - Ending	\$58,773	58,773	71,594
	<hr/>		

See accompanying notes to the financial statements.

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$176,660	176,660	185,569
Payments to Employees	(94,220)	(94,220)	(87,079)
Payments to Suppliers for Goods & Services	(145,345)	(145,345)	(152,185)
Net Cash Provided/(Used) by Operating Activities	<u>(62,905)</u>	<u>(62,905)</u>	<u>(53,695)</u>
Cash Flows From Capital & Related Financing Activities:			
Cash Received From State Sources	2,881	2,881	3,470
Cash Received From Federal Sources	59,491	59,491	61,802
Acquisition of Fixed Assets	(12,875)	(12,875)	
Net Cash Provided by Capital & Related Financing Activities	<u>49,497</u>	<u>49,497</u>	<u>65,272</u>
Cash Flows From Investing Activities:			
Interest on Cash Equivalents	439	439	292
Net Cash Provided by Investing Activities	<u>439</u>	<u>439</u>	<u>292</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(12,969)	(12,969)	11,869
Cash & Cash Equivalents, July 1	<u>35,483</u>	<u>35,483</u>	<u>23,614</u>
Cash & Cash Equivalents, June 30	<u>\$22,514</u>	<u>22,514</u>	<u>35,483</u>

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

Operating Income/(Loss)	(\$73,034)	(73,034)	(65,062)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	10,676	10,676	10,246
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	(547)	(547)	1,121
Net Cash Provided/(Used) by Operating Activities	<u>(\$62,905)</u>	<u>(62,905)</u>	<u>(53,695)</u>

See accompanying notes to the financial statements.

Fiduciary Fund

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTALS (MEMORANDUM ONLY)	
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$9,855	676	27,831	13,383	51,745	64,314
Total Assets	9,855	676	27,831	13,383	51,745	64,314
LIABILITIES						
Payroll Deductions & Withholdings				13,383	13,383	3,194
Due to Student Groups			27,831		27,831	19,601
Total Liabilities			27,831	13,383	41,214	22,795
NET ASSETS						
Reserved for Unemployment Claims		676			676	31,431
Reserved for Scholarships	9,855				9,855	10,088
Total Net Assets	\$9,855	676	-	-	10,531	41,519

See accompanying notes to the financial statements.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ADDITIONS	PRIVATE PUPOSE		TOTALS (MEMORANDUM ONLY)	
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP FUND	JUNE 30, 2011	JUNE 30, 2010
Contributions:				
Employee Contributions	\$8,359		8,359	14,972
Total Contributions	8,359		8,359	14,972
Investment Earnings:				
Interest	157	59	216	243
Net Investment Earnings	157	59	216	243
Total Additions	8,516	59	8,575	15,215
DEDUCTIONS				
Unemployment Claims	39,271		39,271	10,502
Scholarships Awarded		292	292	301
Total Deductions	39,271	292	39,563	10,803
Change in Net Assets	(30,755)	(233)	(30,988)	4,412
Net Assets - Beginning of the Year	31,431	10,088	41,519	37,107
Net Assets - End of the Year	\$676	9,855	10,531	41,519

See accompanying notes to the financial statements.

**HAINESPORT TOWNSHIP
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies

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

The District has implemented these standards for the fiscal year-ending June 30, 2003 with the implementation of GASB Statement 34; the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section.*; Statement 45 – *Accounting and Reporting by employers for Postemployment Benefits Other Than Pension*; and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2011 and for the year then ended with comparative totals as of and for the year ended June 30, 2010 (Memorandum Only).

A. Reporting Entity:

The Hainesport Township Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped youngsters. Students in grades 9 through 12 attend the Rancocas Valley Regional High School District. The Hainesport Township Board of Education has an approximate enrollment at June 30, 2011 of 702 students.

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2011

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

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

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

B. District-Wide and Fund Financial Statements

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

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

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

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

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

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

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

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

D. Fund Accounting:

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

Governmental Funds

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

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

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

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

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

Proprietary Fund

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies (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:

Machinery and Equipment	7-20 years
-------------------------	------------

Fiduciary Fund

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

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

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

E. Basis of Accounting:

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

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

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

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

F. Budgets/Budgetary Control:

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

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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

The accounting records of the general fund and special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

F. Budgets/Budgetary Control (continued):

revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$8,805,447	\$253,161
Difference – Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	137,675	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(88,542)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$8,854,880</u>	<u>\$253,161</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	<u>\$8,533,221</u>	<u>\$253,161</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$8,533,221</u>	<u>\$253,161</u>

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

G. Encumbrances:

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

Open encumbrances in the special revenue fund for which the Hainesport Township Board of Education has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

H. Cash, Cash Equivalents and Investments:

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

I. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2011, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2007-2008 and 2008-2009 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

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

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

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditures during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. 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 Hainesport Township Board of Education and that are due within one year.

L. Fixed Assets:

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

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

L. Fixed Assets (continued):

assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Infrastructure	50 Years
Machinery & Equipment	5 – 20 Years
Building & Other Improvements	40 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2011 for such salaries.

N. Compensated Absences

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

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

O. Deferred Revenue

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

P. Long-term Obligations

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

Q. Fund Equity

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

Q. Fund Equity (continued):

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

R. Subsequent Events

Hainesport Board of Education has evaluated subsequent events occurring after June 30, 2011 through the date of October 27, 2011, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents and Investments

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2011 and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$3,140,081</u>
Total Deposits & Investments	<u>\$3,140,081</u>
Reconciliation to Cash & Cash Equivalents:	
Governmental Activities	\$3,065,822
Business-Type Activities	22,514
Fiduciary Funds	<u>51,745</u>
Total Cash & Cash Equivalents	<u>\$3,140,081</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$3,316,326 at June 30, 2011. Of the bank balance \$250,000 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$3,066,326 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2011, are provided in the above schedule.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

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

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

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

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

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

provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

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

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 4. Capital Reserve Account

The Hainesport Township Board of Education created their capital reserve account for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2010	\$232,799
Increased by:	
Interest Earned	<u>2,461</u>
Ending Balance, June 30, 2011	<u>\$235,260</u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2011, the District transferred \$ -0- to the capital outlay accounts.

Note 6. Capital Assets

The following schedule is a summarization of the capital fixed assets by source for the fiscal year ended June 30, 2011:

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 6. Capital Assets (continued):

Governmental Activities	June 30, 2010	Additions	Deletions	Transfers/ Adjustments	June 30, 2011
Land	\$ 40,490				\$ 40,490
Site Improvements	21,420				21,420
Construction in Progress	715,993	\$5,146,751			5,862,744
Building & Building Improvements	7,993,841				7,993,841
Machinery & Equipment	1,438,448	52,600	\$(72,380)	\$(167,089)	1,251,579
Subtotal	10,210,192	5,199,351	(72,380)	(167,089)	15,170,074
Accumulated Depreciation	(4,382,096)	(264,626)	72,380	139,132	(4,435,210)
Total	\$ 5,828,096	\$4,934,725	\$ -	\$ (27,957)	\$10,734,864

The following is a summary of proprietary fund type fixed assets at June 30, 2011:

Business-Type Activities	Balance as of June 30, 2010	Additions	Deletions	Balance as of June 30, 2011
Machinery & Equipment	\$154,214	\$12,875	\$ -	\$167,089
Less: Accumulated Depreciation	(128,456)	(10,676)		(139,132)
Total	\$ 25,758	\$ 2,199	\$ -	\$ 27,957

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2011 the following changes occurred in liabilities:

	Balance 6/30/10	Issued	Retired	Balance 6/30/11	Amount Due Within One Year
Compensated Absences Payable	\$ 510,338	\$7,749		\$ 518,087	
Capital Lease Payable	80,000		\$ 40,000	40,000	\$ 40,000
Bonds Payable	9,442,640		499,762	8,942,878	551,447
Total	\$10,032,978	\$7,749	\$539,762	\$9,500,965	\$591,447

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 7. Long-Term Obligations (continued):

A. Bonds Payable:

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

2010 School Bonds dated January 12, 2010 in the amount of \$5,853,000 due in annual installments through January 15, 2030, bearing interest rate of 2% to 4.125%.

2005 Refunding 1997 Series Bonds dated February 1, 2005 in the amount of \$3,785,000 due in annual installments through January 1, 2017, bearing interest rate of 2% to 4%.

1993 Small Facilities Loan Bonds dated April 18, 1993 in the amount of \$52,813 due in annual installments through July 15, 2013, bearing interest rate of 1.50%.

1993 Small Project Loan Bonds dated April 18, 1993 in the amount of \$204,987 due in annual installments through July 15, 2013, and bearing interest rate of 1.50%.

D. Debt Service Requirements

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

Year-ending June 30,	Principal	Interest	Total
2012	\$ 551,447	\$ 379,017	\$ 930,464
2013	578,261	353,143	931,404
2014	605,170	325,626	930,796
2015	570,000	297,355	867,355
2016	595,000	268,730	863,730
2017-2021	2,825,000	945,763	3,770,763
2022-2026	2,000,000	475,369	2,475,369
2027-2030	<u>1,218,000</u>	<u>120,495</u>	<u>1,338,495</u>
Total	<u>\$8,942,878</u>	<u>\$3,165,498</u>	<u>\$12,108,376</u>

C. Capital Leases Payable

The School District has entered into capital lease agreements for the following:

Equipment	Maturity Date	Interest Rate	Total Value
Purchase & Renovations To Administration Building	August 8, 2012	4.236%	200,000

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 7. Long-Term Obligations (continued):

C. Capital Leases Payable (continued):

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2011:

Year Ending June 30,	Principal	Interest	Total
2012	<u>\$40,000</u>	<u>\$1,698</u>	<u>\$41,698</u>
Total	<u>\$80,000</u>	<u>\$5,095</u>	<u>\$85,095</u>

Note 8. Pension Plans

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

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

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of *N.J.S.A. 43:15A* to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency,

HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 8. Pension Plans (continued):

provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:6C* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 8. Pension Plans (continued):

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

Two-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$101,493	100%	\$ -0-
6/30/10	75,900	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$272,733	100%	\$ -0-
6/30/10	278,504	100%	-0-

During the year ended June 30, 2011 the State of New Jersey contributed \$272,733 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$283,045 for the 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 been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers’ Pensions and Annuity Fund (TPAF) and 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-

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 9. Post-Retirement Benefits (continued):

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 eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

Note 10. Risk Management

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

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

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

Fiscal Year	District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2010-2011	\$ 8,359	\$157	\$39,271	\$ 676
2009-2010	14,972	158	10,502	31,431
2008-2009	8,795	326	8,429	26,803

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 11. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2011 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 12. Economic Dependency

The District receives a substantial amount of its support from state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

Note 13. GASB #54 - Fund Balance Disclosure

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Hainesport School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 13. GASB #54 - Fund Balance Disclosure (continued):

General Fund (Exhibit B-1) – Of the \$711,420 General Fund fund balance at June 30, 2011; \$126,152 is restricted as excess surplus in accordance with *N.J.S.A.18A:7F-7*; \$235,260 is restricted as a capital reserve; \$143,578 has been appropriated and included as anticipated revenue for the year-ending June 30, 2012; and \$206,430 is unassigned.

Capital Projects Fund (Exhibit B-1) – Of the \$3,716,309 Capital Project Fund fund balance at June 30, 2011 of \$1,868,283 is committed to encumbrances payable and \$1,848,076 are restricted for future capital projects.

Debt Service Fund (Exhibit B-1) – Of the \$15,339 Debt Service Fund fund balance at June 30, 2011 of \$9,037 has been appropriated and included as anticipated revenue for the year ending June 30, 2012, and \$6,302 is restricted for debt service.

The Hainesport School District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the Hainesport School District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Note 14. Deferred Compensation

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

Note 15. Compensated Absences

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 15. Compensated Absences (continued):

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2011 is \$518,087.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011 no liability existed for compensated absences in the proprietary fund types.

Note 16. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$126,152.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	10-1210-000-000	\$6,804,063		6,804,063	6,804,063		6,588,096		6,588,096	6,588,096	
Tuition	10-1300-000-000	45,000		45,000	112,567	67,567	65,000	42,218	107,218	135,433	28,215
Interest on Capital Reserve	10-1000-000-000	2,000		2,000	2,461	461	4,500		4,500	3,223	(1,277)
Unrestricted Miscellaneous	10-1000-000-000	36,000	99,000	135,000	150,747	15,747	29,000		29,000	31,896	2,896
Total Local Sources		6,887,063	99,000	6,986,063	7,069,838	83,775	6,686,596	42,218	6,728,814	6,758,648	29,834
State Sources:											
Categorical Transportation Aid	10-3121-000-000	97,968		97,968	97,968		176,085		176,085	176,085	
Extraordinary Aid	10-3131-000-000				34,184	34,184	34,434		34,434	47,431	12,997
Categorical Special Education Aid	10-3132-000-000	353,655		353,655	353,655		346,437		346,437	346,437	
Equalization Aid	10-3176-000-000	607,570		607,570	607,570		680,370	(123,451)	556,919	556,919	
Categorical Security Aid	10-3177-000-000	56,643		56,643	56,643		56,436		56,436	56,436	
Adjustment Aid	10-3178-000-000						285,063		285,063	202,023	(83,040)
Non-Public Transportation Aid	10-xxx-000-000	8,700		8,700	19,488	10,788	8,700		8,700	14,995	6,295
Nonbudgeted:											
On-Behalf TPAF Pension Contribution					272,733	272,733				278,504	278,504
Reimbursed TPAF Social Security					283,045	283,045				308,740	308,740
Total State Sources		1,124,536		1,124,536	1,725,286	600,750	1,587,525	(123,451)	1,464,074	1,987,570	523,496
Federal Sources:											
Medicaid Reimbursement	10-4200-000-000	10,285		10,285	10,323	38	5,576		5,576	14,578	9,002
ARRA - Education Stabilization Fund	10-4520-000-000							118,850	118,850	118,850	
ARRA - Government Services Fund	10-4521-000-000							4,601	4,601	4,601	
Total Federal Sources		10,285		10,285	10,323	38	5,576	123,451	129,027	138,029	9,002
Total Revenues		8,021,884	99,000	8,120,884	8,805,447	684,563	8,279,697	42,218	8,321,915	8,884,247	562,332

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET	FINAL ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET	FINAL ACTUAL	FINAL TO ACTUAL	
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool	11-105-100-101	75,474	(8,048)	67,426	66,754	672	65,205	829	66,034	65,727	307
Kindergarten	11-110-100-101	151,848	18,513	170,361	170,361		152,412	14,986	167,398	165,659	1,739
Grades 1 - 5	11-120-100-101	1,395,785	(132,125)	1,263,660	1,258,526	5,134	1,663,170	(87,379)	1,575,791	1,574,828	963
Grades 6 - 8	11-130-100-101	707,926	92,607	800,533	800,176	357	873,699	(184,124)	689,575	688,400	1,175
Home Instruction - Regular Programs:											
Salaries of Teachers	11-150-100-101	8,000	(3,918)	4,082	4,082		6,500	4,271	10,771	10,771	
Purchased Professional - Educational Services	11-150-100-320	3,000	(2,084)	916	916		3,000	(2,095)	905	841	64
Regular Programs - Undistributed Instruction:											
Purchased Professional - Educational Services	11-190-100-320	7,000	(6,296)	704	704		9,500	(6,068)	3,432	2,883	549
Other Purchased Services	11-190-100-500	14,000	469	14,469	14,393	76	15,000		15,000	13,439	1,561
General Supplies	11-190-100-610	110,940	30,621	141,561	130,658	10,903	146,500	49,569	196,069	195,439	630
Textbooks	11-190-100-640	50,000	(35,036)	14,964	3,516	11,448	18,150	(500)	17,650	17,631	19
Other Objects	11-190-100-800		23,277	23,277	22,909	368	32,156	(12,670)	19,486	19,485	1
Total Regular Programs		2,523,973	(22,020)	2,501,953	2,472,995	28,958	2,985,292	(223,181)	2,762,111	2,755,103	7,008
Special Education:											
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	112,222	(55,203)	57,019	56,561	458	54,508	58,188	112,696	112,696	
General Supplies	11-212-100-610	500		500	9	491	1,000	6,280	7,280	7,189	91
Total Multiple Disabilities		112,722	(55,203)	57,519	56,570	949	55,508	64,468	119,976	119,885	91
Resource Room / Resource Center:											
Salaries of Teachers	11-213-100-101	266,289	625,876	892,165	892,138	27	548,559	(328,350)	220,209	220,209	
General Supplies	11-213-100-610	1,500	(1,500)				2,500	(281)	2,219	2,121	98

52

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Resource Room/Resource Center	267,789	624,376	892,165	892,138	27	551,059	(328,631)	222,428	222,330	98	
Total Special Education	380,511	569,173	949,684	948,708	976	606,567	(264,163)	342,404	342,215	189	
Basic Skills/Remedial - Instruction:											
Salaries of Teachers	11-230-100-101	619,903	(529,630)	90,273	62,220	28,053	252,190	684,820	937,010	936,481	529
Other Salaries for Instruction	11-230-100-106	83,908	(83,908)								
General Supplies	11-230-100-610	1,500	(860)	640		640	1,500	2,568	4,068	3,986	82
Total Basic Skills/Remedial - Instruction		705,311	(614,398)	90,913	62,220	28,693	253,690	687,388	941,078	940,467	611
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	32,450	(1,534)	30,916	28,730	2,186	59,486	12,091	71,577	70,451	1,126
Supplies and Materials	11-401-100-600	25		25		25	575	(93)	482	327	155
Other Objects	11-401-100-800						7,125	(365)	6,760	6,249	511
Total School Sponsored Cocurricular - Activities		32,475	(1,534)	30,941	28,730	2,211	67,186	11,633	78,819	77,027	1,792
School Sponsored Athletics - Instruction:											
Salaries	11-402-100-100		6,006	6,006		6,006	19,100	1,595	20,695	20,695	
Purchased Services(300-500 Series)	11-402-100-500						3,050	889	3,939	3,939	
Supplies and Materials	11-402-100-600						2,800	(2,309)	491	491	
Total School Sponsored Athletics - Instruction			6,006	6,006		6,006	24,950	175	25,125	25,125	
Community Service Programs/Operations:											
Salaries	11-800-330-100						3,000		3,000	2,754	246
Total Community Service Programs/Operations							3,000		3,000	2,754	246
Total - Instruction		3,642,270	(62,773)	3,579,497	3,512,653	66,844	3,940,685	211,852	4,152,537	4,142,691	9,846

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Undistributed Expenditures											
Instruction:											
Tuition to Other LEAs Within State											
Regular	11-000-100-561							2,348	2,348	2,348	
Tuition to Other LEAs Within State											
Special	11-000-100-562		63,241	63,241	61,195	2,046					
Tuition to CSSD & Regional Day School	11-000-100-565	257,673	(115,687)	141,986	83,196	58,790	87,984	(56,547)	31,437	31,437	
Tuition to Private Schools for Disabled Within the State	11-000-100-566		38,176	38,176	36,296	1,880		6,821	6,821	6,821	
Total Undistributed Expenditures - Instruction		257,673	(14,270)	243,403	180,687	62,716	87,984	(47,378)	40,606	40,606	
Health Services:											
Salaries	11-000-213-100	56,586	12,246	68,832	66,022	2,810	62,878	2,800	65,678	65,390	288
Purchased Professional & Technical Services	11-000-213-300	6,300		6,300	6,251	49	9,300	(2,800)	6,500	6,251	249
Supplies and Materials	11-000-213-600						4,800	(327)	4,473	3,963	510
Other Objects	11-000-213-800	3,000		3,000	2,373	627					
Total Health Services		65,886	12,246	78,132	74,646	3,486	76,978	(327)	76,651	75,604	1,047
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	33,690		33,690	31,985	1,705	32,720		32,720	32,189	531
Supplies and Materials	11-000-216-600	3,000		3,000	374	2,626	750	2,184	2,934	2,645	289
Total Other Support Services - Students - Related Services		36,690		36,690	32,359	4,331	33,470	2,184	35,654	34,834	820
Other Support Services - Students - Extraordinary Services:											
Salaries	11-000-217-100	81,931	(7,187)	74,744	72,403	2,341	102,310	(16,906)	85,404	85,404	
Purchased Professional & Educational Services	11-000-217-320	237,244	19,030	256,274	255,689	585	264,000	7,401	271,401	269,056	2,345
Supplies and Materials	11-000-217-600	2,000		2,000	1,904	96	2,000	263	2,263	2,263	

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Other Support Services - Students - Extraordinary Services	321,175	11,843	333,018	329,996	3,022	368,310	(9,242)	359,068	356,723	2,345	
Other Support Services - Students - Regular:											
Salaries of Other Professional											
Staff	11-000-218-104	94,227	(1,743)	92,484	90,998	1,486	93,714	(1,107)	92,607	91,787	820
Supplies and Materials	11-000-218-600	2,000	(1,755)	245	245		1,500	1,108	2,608	2,228	380
Total Other Support Services - Students - Regular		96,227	(3,498)	92,729	91,243	1,486	95,214	1	95,215	94,015	1,200
Other Support Services - Students - Special Services:											
Salaries of Other Professional											
Staff	11-000-219-104	193,648	(2,538)	191,110	188,981	2,129	188,524	(928)	187,596	187,596	
Salaries of Secretarial & Clerical											
Assistants	11-000-219-105	34,029	1	34,030	32,524	1,506	33,039		33,039	33,017	22
Miscellaneous Purchased Services	11-000-219-592	5,100	(100)	5,000	4,450	550	5,100	(100)	5,000	4,729	271
Other Purchased Services	11-000-219-500		100	100		100		87	87		87
Supplies and Materials	11-000-219-600	4,000	2,538	6,538	6,538		4,000	3,135	7,135	7,090	45
Total Other Support Services - Students - Special Services		236,777	1	236,778	232,493	4,285	230,663	2,194	232,857	232,432	425
Improvement of Instruction Services:											
Salaries of Other Professional											
Staff	11-000-221-104	9,000	(9,000)				9,000	(2,133)	6,867		6,867
Salaries of Secretarial & Clerical											
Assistants	11-000-221-105		9,156	9,156	9,156		1,600	(100)	1,500	1,215	285
Purchased Professional - Educational Services	11-000-221-320	5,000	(1,383)	3,617	3,479	138	12,000	2,133	14,133	13,590	543
Purchased Professional & Technical Services	11-000-221-300							100	100		100
Other Purchased Services	11-000-221-500	50		50		50	50		50		50
Supplies and Materials	11-000-221-600	250	1,227	1,477	1,227	250	250		250		250

52

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Improvement of Instruction Services	14,300		14,300	13,862	438	22,900		22,900	14,805	8,095	
Educational Media Services/School Library:											
Salaries	11-000-222-100	54,369	19,747	74,116	73,820	296	101,363	(81,408)	19,955	15,670	4,285
Purchased Professional & Technical Services	11-000-222-300	4,400	4	4,404	4,404		4,200	34	4,234	4,234	
Other Purchased Services	11-000-222-500	2,459	5	2,464	1,888	576	2,250		2,250	1,633	617
Supplies and Materials	11-000-222-600	6,000	(2,368)	3,632	2,613	1,019	6,200	(34)	6,166	3,318	2,848
Total Educational Media Services/School Library		67,228	17,388	84,616	82,725	1,891	114,013	(81,408)	32,605	24,855	7,750
Support Services General Administration:											
Salaries	11-000-230-100	180,810	(3,914)	176,896	176,593	303	183,604	(247)	183,357	182,839	518
Legal Services	11-000-230-331	45,000	6,201	51,201	51,201		35,000	35,445	70,445	70,445	
Audit Services	11-000-230-332	18,500		18,500	17,500	1,000	15,800		15,800	15,800	
Architectural/Engineering Services	11-000-230-334	11,067	(10,454)	613	95	518	35,000	5	35,005	35,005	
Purchased Technical Services	11-000-230-340	20,300	3,789	24,089	24,089			14,000	14,000	13,644	356
Communications/Telephone	11-000-230-530	19,500	(4,407)	15,093	14,614	479	19,170	(4,752)	14,418	14,387	31
BOE Other Purchased Services	11-000-230-585	4,000	(3,981)	19	19		8,000	(5,318)	2,682	2,682	
Other Purchased Professional Services	11-000-230-339						14,000	(14,000)			
Other Purchased Services (400-500)	11-000-230-590	9,000	3,465	12,465	11,744	721	8,000	11,057	19,057	19,027	30
General Supplies	11-000-230-610	8,500		8,500	8,202	298	8,500	(2,915)	5,585	5,363	222
BOE In-House Training/Meeting Supplies	11-000-230-630	3,000	(3,000)								
BOE Membership Dues & Fees	11-000-230-895	6,000		6,000	5,071	929	6,000	(792)	5,208	5,208	
Total Support Services General Administration		325,677	(12,301)	313,376	309,128	4,248	333,074	32,483	365,557	364,400	1,157
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103						92,846	(3,139)	89,707	89,706	1
Salaries of Other Professional Staff	11-000-240-104	79,876	(2,566)	77,310	77,310		79,876		79,876	79,490	386

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Support Services School Administration (continued):											
Salaries of Secretarial & Clerical											
Assistants	11-000-240-105	69,246		69,246	67,162	2,084	67,229	3,531	70,760	70,760	
Other Salaries	11-000-240-500	3,637	(3,637)								
Other Purchased Services(400-500)	11-000-240-500	8,000	(866)	7,134	5,455	1,679	8,050	(1,112)	6,938	6,721	217
Supplies and Materials	11-000-240-600	5,400	6,552	11,952	11,896	56	11,000	(715)	10,285	7,142	3,143
Other Objects	11-000-240-800						1,000	(1,000)			
Total Support Services School Administration		166,159	(517)	165,642	161,823	3,819	260,001	(2,435)	257,566	253,819	3,747
Central Services:											
Salaries	11-000-251-100	133,434	(2,769)	130,665	129,933	732	133,434	1	133,435	133,038	397
Miscellaneous Purchased Services	11-000-251-592	5,000	(61)	4,939	2,035	2,904	4,750	(451)	4,299	2,714	1,585
Supplies and Materials	11-000-251-600	3,500	61	3,561	3,561		3,000	954	3,954	3,897	57
Interest for Lease Purchase Agreement	11-000-251-832	3,397		3,397	3,397		5,095		5,095	5,095	
Total Central Services		145,331	(2,769)	142,562	138,926	3,636	146,279	504	146,783	144,744	2,039
Administration Information Technology:											
Salaries	11-000-252-100	65,378	506	65,884	65,442	442	65,378		65,378	65,062	316
Other Purchased Services(400-500)	11-000-252-590	100		100		100	100		100		100
Total Administration Information Technology		65,478	506	65,984	65,442	542	65,478		65,478	65,062	416
Allowable Maintenance for School Facilities:											
Cleaning, Repair & Maintenance Services	11-000-261-420	41,300	18,940	60,240	60,240		56,000	1,498	57,498	57,287	211
Total Allowable Maintenance for School Facilities		41,300	18,940	60,240	60,240		56,000	1,498	57,498	57,287	211
Other Operation & Maintenance of Plant:											
Salaries	11-000-262-100	258,873	60,981	319,854	319,804	50	339,280	14,905	354,185	353,859	326
Purchased Professional & Technical Services	11-000-262-300		3,242	3,242		3,242	25		25		25

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Other Operation & Maintenance of Plant (continued):											
Cleaning, Repair & Maintenance											
Services	11-000-262-420						200		200		200
Other Purchased Property Services	11-000-262-490	40,700	(3,229)	37,471	37,471		40,000	2,510	42,510	42,150	360
Insurance	11-000-262-520	30,000	(2,776)	27,224	27,022	202	29,340	1,297	30,637	30,525	112
General Supplies	11-000-262-610	51,000	15,493	66,493	65,732	761	52,860	2,945	55,805	55,491	314
Energy (Heat & Electricity)	11-000-262-622	177,000	(3,526)	173,474	172,824	650	168,000	(17,459)	150,541	150,541	
Other Objects	11-000-262-800		1,150	1,150	1,020	130	550	460	1,010	1,010	
Total Other Operation & Maintenance of Plant		557,573	71,335	628,908	623,873	5,035	630,255	4,658	634,913	633,576	1,337
Student Transportation Services:											
Salaries of Non-Instructional Aides	11-000-270-107		3,300	3,300	3,300		3,444	55,897	59,341	58,592	749
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	62,263	(62,263)				62,083	(62,083)			
Salaries for Pupil Transportation (Between Home & School) - Special Ed	11-000-270-161	19,008	(19,008)				17,729	(17,729)			
Cleaning, Repair & Maintenance Services	11-000-270-420	20,000	(18,369)	1,631	1,631		16,000	8,107	24,107	24,107	
Rental Payments - School Buses	11-000-270-442	26,100	(26,100)								
Contracted Services (Between Home & School) - Vendors	11-000-270-511		258,960	258,960	258,960						
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	9,000	(1,896)	7,104	6,564	540	6,000	1,585	7,585	7,585	
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	92,000	1,397	93,397	93,397		85,000	7,116	92,116	92,116	
Contracted Services - ESC's & CTSA's - (Special Education Students) - Joint Agreements	11-000-270-515	70,000	13,128	83,128	83,040	88	90,000	(17,689)	72,311	72,311	

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Student Transportation Services (continued):											
Contracted Services (Aid in Lieu of Payments)	11-000-270-519	40,000	(8,812)	31,188	31,188		34,000	4,046	38,046	38,046	
Miscellaneous Purchased Services - Transportation	11-000-270-593	15,000	(8,493)	6,507	6,507		15,660	(1,136)	14,524	14,073	451
General Supplies	11-000-270-610	20,000	(19,828)	172	172		25,000	(2,806)	22,194	22,194	
Other Objects	11-000-270-800	10,600	463	11,063	10,882	181	44,916	31,145	76,061	75,173	888
Total Student Transportation Services		383,971	112,479	496,450	495,641	809	399,832	6,453	406,285	404,197	2,088
Unallocated Benefits - Employee Benefits:											
Social Security Contributions	11-000-291-220	126,241	(40,000)	86,241	85,592	649	114,000	(3,095)	110,905	110,905	
Other Retirement Contributions - Regular	11-000-291-241	85,137	16,356	101,493	101,493		84,905	(9,005)	75,900	75,900	
Unemployment Compensation	11-000-291-250	77,000	(46,466)	30,534	30,534						
Workmen's Compensation	11-000-291-260	74,000	(11,123)	62,877	62,877		74,000	(7,591)	66,409	66,409	
Health Benefits	11-000-291-270	1,196,616	26,399	1,223,015	1,223,015		1,275,950	(46,795)	1,229,155	1,229,155	
Tuition Reimbursements	11-000-291-280	10,750	558	11,308	11,308		13,000	(197)	12,803	12,664	139
Other Employee Benefits	11-000-291-290	9,167	4,666	13,833	13,833		68,500	(15,234)	53,266	53,266	
Total Unallocated Benefits		1,578,911	(49,610)	1,529,301	1,528,652	649	1,630,355	(81,917)	1,548,438	1,548,299	139
Nonbudgeted:											
On-Behalf TPAF Pension Contribution					272,733	(272,733)				278,504	(278,504)
Reimbursed TPAF Social Security					283,045	(283,045)				308,740	(308,740)
Total Undistributed Expenditures		4,360,356	161,773	4,522,129	4,977,514	(455,385)	4,550,806	(172,732)	4,378,074	4,932,502	(554,428)
Total Expenditures - Current Expense		8,002,626	99,000	8,101,626	8,490,167	(388,541)	8,491,491	39,120	8,530,611	9,075,193	(544,582)
Capital Outlay:											
Interest Deposit to Capital Reserve	10-604-000-000	2,000		2,000		2,000	4,500		4,500		4,500
Total Interest Deposit to Capital Reserve		2,000		2,000		2,000	4,500		4,500		4,500

59

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

09

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Undistributed Expenditures:										
Instruction	12-000-100-730					23,000		23,000	22,736	264
Total Undistributed Expenditures						23,000		23,000	22,736	264
Facilities Acquisition & Construction Services:										
Lease Purchase Agreement Principal	12-000-400-721	40,000		40,000	40,000	40,000		40,000	40,000	
Total Facilities Acquisition & Construction Services		40,000		40,000	40,000	40,000		40,000	40,000	
Total Capital Outlay		42,000		42,000	40,000	2,000	67,500	67,500	62,736	4,764
Special Schools:										
Summer School - Instruction:										
Salaries of Teachers	13-400-100-101	11,000		11,000	11,000	20,700	1,026	21,726	21,726	
Other Salaries for Instruction	13-400-100-106	3,800		3,800	3,054	746	1,700	2,072	3,772	3,772
Total Special Schools		14,800		14,800	3,054	11,746	22,400	3,098	25,498	25,498
Total Expenditures		8,059,426	99,000	8,158,426	8,533,221	(374,795)	8,581,391	42,218	8,623,609	9,163,427 (539,818)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(37,542)		(37,542)	272,226	309,768	(301,694)		(301,694)	(279,180) 22,514

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Excess/(Deficiency) of Revenues Over/(Under)										
19 Expenditures & Other Financing Sources/(Uses)	(37,542)		(37,542)	272,226	309,768	(301,694)		(301,694)	(279,180)	22,514
Fund Balances, July 1	527,736		527,736	527,736		806,916		806,916	806,916	
Fund Balances, June 30	\$490,194	-	490,194	799,962	309,768	505,222	-	505,222	527,736	22,514

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$235,260
Excess Surplus	126,152
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	143,578
Unassigned Fund Balance	<u>294,972</u>
Subtotal	799,962
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(88,542)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$711,420</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
State Sources		1,537	1,537	1,388	(149)		1,475	1,475	862	(613)
Federal Sources	\$216,486	114,037	330,523	251,773	(78,750)	175,794	220,684	396,478	299,892	(96,586)
Local Sources							4,142	4,142	4,134	(8)
Total Revenues	216,486	115,574	332,060	253,161	(78,899)	175,794	226,301	402,095	304,888	(97,207)
EXPENDITURES:										
Instruction:										
Salaries of Teachers	28,455	6,119	34,574	34,208	366	26,153	11,559	37,712	35,593	2,119
Tuition	132,984	28,887	161,871	152,939	8,932	131,255	25,197	156,452	156,452	
General Supplies		13,968	13,968	13,633	335		41,429	41,429	23,871	17,558
Other Purchased Services	49,003	19,604	68,607	38,430	30,177		100,839	100,839	35,652	65,187
Textbooks		3,993	3,993	657	3,336		757	757	167	590
Total Instruction	210,442	72,571	283,013	239,867	43,146	157,408	179,781	337,189	251,735	85,454
Support Services:										
Personal Services - Employee Benefits	5,691	1,068	6,759	4,946	1,813	6,087	466	6,553	5,201	1,352
Purchased Professional - Educational Services		6,631	6,631	1,073	5,558	6,559	(6,559)			
Other Purchased Services		7,276	7,276	315	6,961		8,640	8,640	695	7,945
Travel	353	4,399	4,752	460	4,292	5,740	(161)	5,579	3,544	2,035
Total Support Services	6,044	19,374	25,418	6,794	18,624	18,386	2,386	20,772	9,440	11,332
Facilities Acquisition & Construction Services:										
Other Professional & Technical Services		8	8		8		4,134	4,134	4,134	
Instructional Equipment		23,621	23,621	6,500	17,121		40,000	40,000	39,579	421
Total Facilities Acquisition & Construction Services		23,629	23,629	6,500	17,129		44,134	44,134	43,713	421
Total Expenditures	216,486	115,574	332,060	253,161	78,899	175,794	226,301	402,095	304,888	97,207
Total Outflows	216,486	115,574	332,060	253,161	78,899	175,794	226,301	402,095	304,888	97,207
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$8,805,447	253,161
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	137,675	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(88,542)	
	<hr/>	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$8,854,580</u>	<u>253,161</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$8,533,221</u>	<u>253,161</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$8,533,221</u>	<u>253,161</u>

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	IDEA PART B BASIC	ARRA IDEA PART B BASIC	CH 192/193 SPEECH	NONPUBLIC NURSING
Revenues:				
State Sources			1,073	315
Federal Sources	\$152,939	20,637		
Local Sources				
Total Revenues	\$152,939	20,637	1,073	315
Expenditures:				
Instruction:				
Salaries of Teachers				
Tuition	\$152,939			
Supplies				
Other Purchased Services		19,980		
Textbooks		657		
Total Instruction	152,939	20,637		
Support Services:				
Employee Benefits				
Purchased Professional Educational Services			1,073	
Other Purchased Services				315
Travel				
Total Support Services			1,073	315
Facilities Acquisition & Construction Services:				
Other Professional & Technical Services				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$152,939	20,637	1,073	315

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	TITLE I	TITLE I CARRYOVER	ARRA TITLE I	TITLE IIA
Revenues:				
State Sources				
Federal Sources	\$27,571	11,769	6,681	10,628
Local Sources				
Total Revenues	\$27,571	11,769	6,681	10,628
Expenditures:				
Instruction:				
Salaries of Teachers	\$24,050			9,271
Tuition				
Supplies				
Other Purchased Services		11,769	6,681	
Textbooks				
Total Instruction	24,050	11,769	6,681	9,271
Support Services:				
Employee Benefits	3,521			1,357
Purchased Professional Educational Services				
Other Purchased Services				
Travel				
Total Support Services	3,521			1,357
Facilities Acquisition & Construction Services:				
Other Professional & Technical Services				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$27,571	11,769	6,681	10,628

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	TITLE IID	TITLE IV CARRYOVER	HPP HIN1	2011	2010
Revenues:					
State Sources				1,388	862
Federal Sources	\$460	1,414	19,674	251,773	299,892
Local Sources					4,134
Total Revenues	\$460	1,414	19,674	253,161	304,888
Expenditures:					
Instruction:					
Salaries of Teachers			887	34,208	35,593
Tuition				152,939	156,452
Supplies		1,414	12,219	13,633	23,871
Other Purchased Services				38,430	35,652
Textbooks				657	167
Total Instruction		1,414	13,106	239,867	251,735
Support Services:					
Employee Benefits			68	4,946	5,201
Purchased Professional Educational Services				1,073	
Other Purchased Services				315	695
Travel	\$460			460	3,544
Total Support Services	460		68	6,794	9,440
Facilities Acquisition & Construction Services:					
Other Professional & Technical Services					4,134
Instructional Equipment			6,500	6,500	39,579
Total Facilities Acquisition & Construction Services			6,500	6,500	43,713
Total Expenditures	\$460	1,414	19,674	253,161	304,888

F. Capital Projects Fund

Not Applicable

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2011**

PROJECT	DATE	APPROPRIATION	EXPENDITURES TO DATE		PRIOR YEAR PAYABLES CANCELLED	UNEXPENDED BALANCE
			PRIOR YEAR	CURRENT YEAR		
Various Projects & Rehabilitations	1/12/10	\$9,625,202	\$715,993	5,192,850		3,716,359
		Total	715,993	5,192,850	-	3,716,359

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

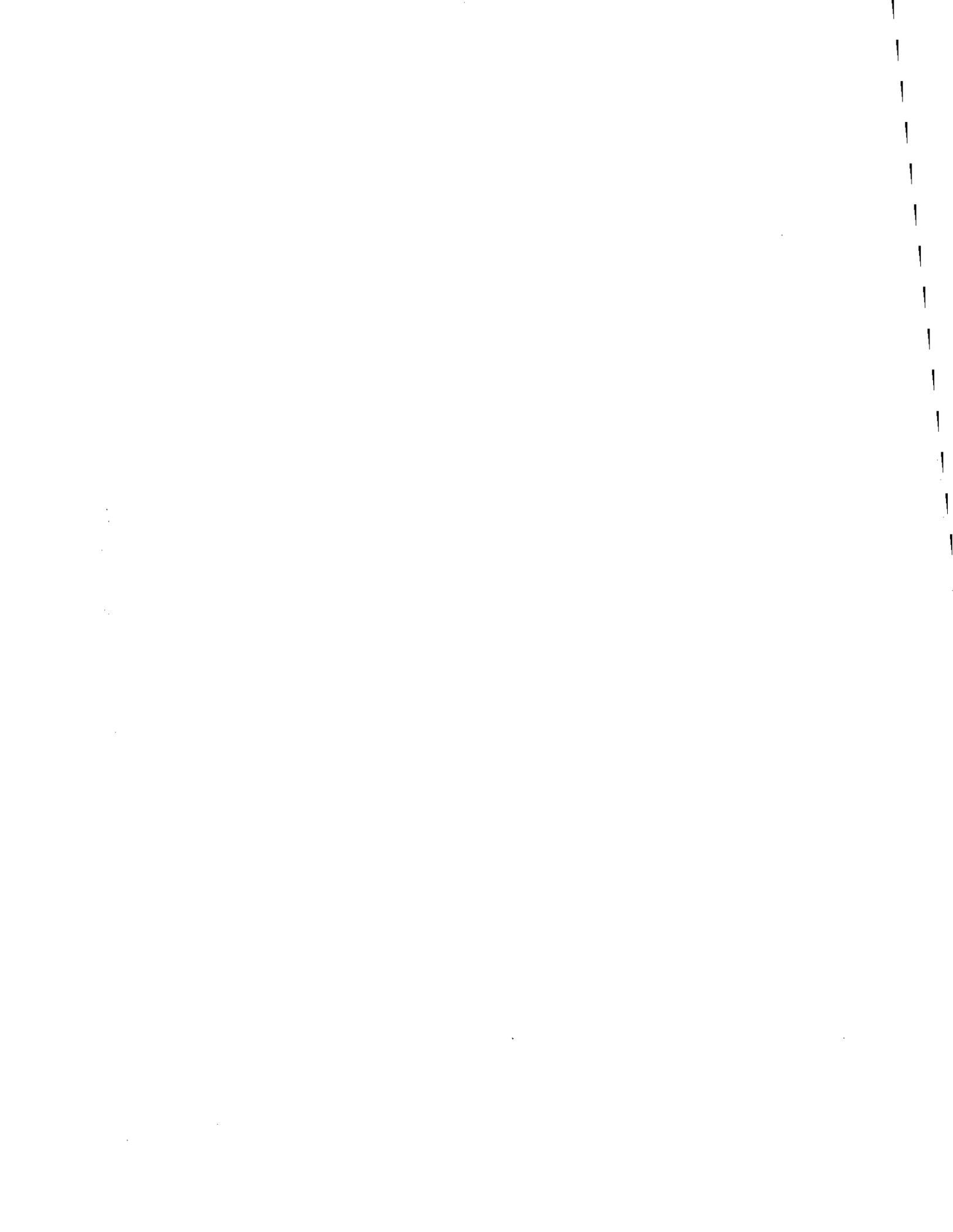
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	\$386,138
Construction Services	4,772,712
Equipment Purchases	<u>34,000</u>
Total Expenditures	<u>5,192,850</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(5,192,850)
Fund Balance - Beginning	<u>8,909,209</u>
Fund Balance - Ending	<u><u>\$3,716,359</u></u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
VARIOUS PROJECTS & REHABILITATIONS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$3,772,202		3,772,202	3,772,202
Bond Proceeds & Transfers	5,853,000		5,853,000	5,853,000
Total Reserve	9,625,202		9,625,202	9,625,202
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	698,841	386,138	1,084,979	914,505
Construction Services	17,152	4,772,712	4,789,864	8,549,723
Equipment Purchases		34,000	34,000	160,974
Total Expenditures & Other Financing Uses	715,993	5,192,850	5,908,843	9,625,202
Excess/Deficiency) of Revenues Over/ (Under) Expenditures	\$8,909,209	(5,192,850)	3,716,359	-

ADDITIONAL PROJECT INFORMATION

Project Number	1910-050-09-0ZQQ
Grant Date	12/30/2009
Bond Authorization Date	1/21/2010
Bonds Authorized	\$ 5,853,000
Bonds Issued	\$ 5,853,000
Original Authorized Cost	\$ 9,430,504
Additional Authorized Cost	\$ 194,698
Revised Authorized Cost	\$ 9,625,202
Percentage Increase Over Original Authorized Cost	
Percentage Completion	61.39%
Original Target Completion Date	5/1/2010
Revised Target Completion Date	8/1/2011



G. Proprietary Funds

Enterprise Funds

HAINESPORT TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

ASSETS	FOOD SERVICE FUND	2011	2010
Current Assets:			
Cash & Cash Equivalents	\$22,514	22,514	35,483
Accounts Receivable:			
State	141	141	188
Federal			2,551
Inventories	8,161	8,161	7,614
Total Current Assets	<u>30,816</u>	<u>30,816</u>	<u>45,836</u>
Noncurrent Assets:			
Equipment	167,089	167,089	154,214
Less: Accumulated Depreciation	<u>(139,132)</u>	<u>(139,132)</u>	<u>(128,456)</u>
Total Noncurrent Assets	<u>27,957</u>	<u>27,957</u>	<u>25,758</u>
Total Assets	<u>58,773</u>	<u>58,773</u>	<u>71,594</u>
NET ASSETS			
Invested in Capital Assets	27,957	27,957	25,758
Unrestricted	<u>30,816</u>	<u>30,816</u>	<u>45,836</u>
Total Net Assets	<u>\$58,773</u>	<u>58,773</u>	<u>71,594</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	FOOD SERVICE FUND	2011	2010
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$102,943	102,943	106,848
Total - Daily Sales - Reimbursable Programs	<u>102,943</u>	<u>102,943</u>	<u>106,848</u>
Daily Sales Nonreimbursable Programs:			
Adult & Ala Carte Sales	69,965	69,965	72,752
Special Functions & Rebates	3,752	3,752	5,969
Total Operating Revenue	<u>176,660</u>	<u>176,660</u>	<u>185,569</u>
Operating Expenses:			
Cost of Sales	104,259	104,259	117,241
Supplies & Materials	7,291	7,291	7,260
Salaries & Fringe Benefits	94,220	94,220	87,079
Management Fee	11,500	11,500	11,500
Cleaning, Maintenance & Repairs	9,831	9,831	
Other Costs	11,917	11,917	17,305
Depreciation	10,676	10,676	10,246
Total Operating Expenses	<u>249,694</u>	<u>249,694</u>	<u>250,631</u>
Operating Income/(Loss)	<u>(73,034)</u>	<u>(73,034)</u>	<u>(65,062)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	2,834	2,834	3,374
Federal Sources:			
National School Lunch Program	45,469	45,469	45,618
Food Distribution Program	11,471	11,471	15,003
Local Sources:			
Interest Revenue	439	439	292
Total Nonoperating Revenues/(Expenses)	<u>60,213</u>	<u>60,213</u>	<u>64,287</u>
Change in Net Assets	(12,821)	(12,821)	(775)
Total Net Assets - Beginning	<u>71,594</u>	<u>71,594</u>	<u>72,369</u>
Total Net Assets - Ending	<u><u>\$58,773</u></u>	<u><u>58,773</u></u>	<u><u>71,594</u></u>

HAINESPORT TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	FOOD SERVICE FUND	2011	2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$176,660	176,660	185,569
Payments to Employees	(94,220)	(94,220)	(87,079)
Payments to Suppliers	(145,345)	(145,345)	(152,185)
Net Cash Provided/(Used) by Operating Activities	<u>(62,905)</u>	<u>(62,905)</u>	<u>(53,695)</u>
Cash Flows From Capital & Related Financing Activities:			
Cash Received From State Sources	2,881	2,881	3,470
Cash Received From Federal Sources	59,491	59,491	61,802
Acquisition of Fixed Assets	(12,875)	(12,875)	
Net Cash Provided by Capital & Related Financing Activities	<u>49,497</u>	<u>49,497</u>	<u>65,272</u>
Cash Flows From Investing Activities:			
Interest on Cash Equivalents	439	439	292
Net Cash Provided by Investing Activities	<u>439</u>	<u>439</u>	<u>292</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(12,969)	(12,969)	11,869
Cash & Cash Equivalents, July 1	<u>35,483</u>	<u>35,483</u>	<u>23,614</u>
Cash and Cash Equivalents, June 30	<u><u>\$22,514</u></u>	<u><u>22,514</u></u>	<u><u>35,483</u></u>

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

Operating Income/(Loss)	(73,034)	(73,034)	(65,062)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	10,676	10,676	10,246
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	(547)	(547)	1,121
Net Cash Provided/(Used) by Operating Activities	<u><u>(\$62,905)</u></u>	<u><u>(62,905)</u></u>	<u><u>(53,695)</u></u>

Internal Service Fund

Not Applicable

H. Fiduciary Fund

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	TRUST FUNDS		AGENCY FUNDS		2011	2010
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL		
Cash & Cash Equivalents	\$9,855	676	27,831	13,383	51,745	64,314
Total Assets	9,855	676	27,831	13,383	51,745	64,314
LIABILITIES						
Payroll Deductions Payable Due to Student Groups			27,831	13,383	13,383	3,194
Total Liabilities			27,831	13,383	41,214	22,795
NET ASSETS						
Held in Trust for Unemployment Claims		676			676	31,431
Held in Trust for Scholarships	9,855				9,855	10,088
Total Net Assets	\$9,855	676	-	-	10,531	41,519

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	PRIVATE PURPOSE		2011	2010
	SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION		
Operating Revenues:				
Local Sources:				
Interest on Investments	\$59	157	216	243
Employee Withholdings		8,359	8,359	14,972
Total Operating Revenues	59	8,516	8,575	15,215
Operating Expenditures:				
Unemployment Compensation Claims		39,271	39,271	10,502
Scholarships	292		292	301
Total Operating Expenses	292	39,271	39,563	10,803
Excess/(Deficit) of Revenues Over				
Expenditures	(233)	(30,755)	(30,988)	4,412
Fund Balances, July 1	10,088	31,431	41,519	37,107
Fund Balances, June 30	\$9,855	676	10,531	41,519

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ASSETS	BALANCE JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2011
Hainesport School	\$19,601	51,796	43,566	27,831
Total Assets	\$19,601	51,796	43,566	27,831

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ASSETS	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
Cash & Cash Equivalents	\$3,194	5,355,031	5,344,842	13,383
Total Assets	\$3,194	5,355,031	5,344,842	13,383
LIABILITIES				
Net Payroll		2,986,660	2,986,660	
Payroll Deductions & Withholdings	\$3,194	2,368,371	2,358,182	13,383
Total Liabilities	\$3,194	5,355,031	5,344,842	13,383

I. Long-Term Debt

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2011**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JULY 1, 2010	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2011
New Jersey Public School Facilities:										
Loan Assistance Programs										
Loan Award	08/18/93	\$200,690	07/15/10-13	\$10,562	1.50%	\$42,251			10,562	31,689
Small Projects										
Loan	08/18/93	602,070	07/15/11 07/15/12 07/15/13	40,885 42,699 44,605	5.288%	167,389			39,200	128,189
Refunding 1997 Issue	02/01/04	4,990,000	02/01/12 02/01/13 02/01/14 02/01/15 02/01/16 02/01/17	440,000 455,000 480,000 500,000 525,000 570,000	3.25% 3.50% 3.75% 3.75% 4.00% 4.00%	3,380,000			410,000	2,970,000
School Bonds	01/21/10	5,853,000	1/15/12 1/15/13 1/15/14 1/15/15 1/15/16 1/15/17 1/15/18 1/15/19 1/15/20 1/15/21 1/15/22 1/15/23 1/15/24 1/15/25 1/15/26 1/15/27 1/15/28 1/15/29 1/15/30	60,000 70,000 70,000 70,000 70,000 70,000 595,000 570,000 545,000 475,000 450,000 425,000 400,000 375,000 350,000 325,000 310,000 300,000 283,000	2.00% 2.00% 2.50% 2.50% 2.50% 3.00% 3.00% 3.50% 3.50% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.13%	5,853,000		40,000	5,813,000	
Total						\$9,442,640	-		499,762	8,942,878

77

HAINESPORT TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2011

78

SERIES	DATE OF LEASE	MATURITY DATE	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE		AMOUNT OUTSTANDING JUNE 30, 2010	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2011
				PRINCIPAL	INTEREST				
Purchase & Renovations to Administration Building	08/08/07	08/08/12	4.25%	\$200,000	\$23,895	\$80,000		40,000	40,000
					Total	\$80,000	-	40,000	40,000

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$731,242		731,242	731,242		506,624		506,624	506,624	
State Sources:										
Debt Service Aid Type II	82,669		82,669	82,669		95,761		95,761	95,761	
Total Revenues	813,911		813,911	813,911		602,385		602,385	602,385	
Expenditures										
Regular Debt Service:										
Interest	343,548		343,548	343,548		149,834		149,834	149,834	
Redemption of Principal	499,763		499,763	499,763		453,160		453,160	453,160	
Total Expenditures	843,311		843,311	843,311		602,994		602,994	602,994	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(29,400)		(29,400)	(29,400)		(609)		(609)	(609)	
Other Financing Sources:										
Operating Transfers In	10,000		10,000	21,316	11,316				23,414	23,414
Total Other Financing Sources	10,000		10,000	21,316	11,316				23,414	23,414
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/ (Uses)	(19,400)		(19,400)	(8,084)	11,316	(609)		(609)	22,805	23,414
Fund Balance, July 1	23,423		23,423	23,423		618		618	618	
Fund Balance, June 30	\$4,023	-	4,023	15,339	11,316	9	-	9	23,423	23,414

STATISTICAL SECTION (Unaudited)

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

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$1,797,899	(3,640,978)	1,092,687	850,905	699,744	639,738	465,715	230,903
Restricted	4,079,480	9,041,522	557,534	755,069	964,860	967,645	563,831	340,024
Unrestricted	(311,657)	(390,618)	(453,681)	(383,474)	(282,601)	(537,888)	(382,863)	(136,957)
Total Governmental Activities Net Assets	\$5,565,722	5,009,926	1,196,540	1,222,500	1,382,003	1,069,494	646,683	433,970
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$27,957	25,758	36,004	46,250	56,497	66,745	76,991	87,237
Unrestricted	30,816	45,836	36,365	27,945	32,961	14,338	8,452	21,498
Total Business-Type Activities Net Assets	\$58,773	71,594	72,369	74,195	89,458	81,083	85,443	108,735
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$1,825,856	(3,615,220)	1,128,691	897,155	756,241	706,483	542,706	318,140
Restricted	4,079,480	9,041,522	557,534	755,069	964,860	967,645	563,831	340,024
Unrestricted	(280,841)	(344,782)	(417,316)	(355,529)	(249,640)	(523,550)	(374,411)	(115,459)
Total District Net Assets	\$5,624,495	5,081,520	1,268,909	1,296,695	1,471,461	1,150,577	732,126	542,705

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

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:								
Governmental Activities								
Instruction:								
Regular	\$2,712,862	3,006,838	3,270,169	3,242,491	3,105,943	2,982,576	4,070,989	3,298,678
Special Education	948,708	342,215	592,843	627,149	602,389	499,941	534,834	521,198
Other Instruction	90,950	1,045,373	337,861	374,962	279,590	319,072	170,544	173,898
Support Services & Undistributed Costs:								
Tuition	180,687	40,606	162,611	195,680	119,028	54,701	175,439	121,033
Student & Instruction Related Services	864,118	842,708	251,134	243,644	239,983	237,340	241,169	184,989
General & Business Administrative Services	470,951	606,213	359,778	331,099	401,559	333,831	381,778	367,057
Central Services	204,368	209,806	204,439	197,652	176,262	166,389	165,436	
Plant Operations & Maintenance	684,113	690,863	670,793	710,586	600,518	470,160	452,306	586,183
Pupil Transportation	495,641	404,197	442,779	484,950	450,249	446,995	458,449	319,880
Business & Other Support Services								164,712
Unallocated Employee Benefits	2,084,430	2,135,543	2,065,618	2,183,718	1,977,556	1,701,561		
Special Schools	3,054	25,498	21,456	27,062	16,360	10,399	6,683	7,525
Interest on Long-Term Debt	346,958	242,451	161,566	181,349	196,903	211,452	322,647	528,242
Reduction In Compensated Absences	7,749	(47,199)						
Unallocated Depreciation	292,583	221,839	33,989	35,126	35,347	35,021	33,916	24,436
Total Governmental Activities Expenses	9,387,172	9,766,951	9,508,198	9,682,990	8,933,372	8,196,078	7,802,192	7,163,964
Business-Type Activities:								
Food Service	249,694	250,631	242,376	246,433	211,239	181,523	180,957	174,839

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

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Total Business-Type Activities Expense	249,694	250,631	242,376	246,433	211,239	181,523	180,957	174,839
Total District Expenses	<u>\$9,636,866</u>	<u>10,017,582</u>	<u>9,750,574</u>	<u>9,929,423</u>	<u>9,144,611</u>	<u>8,377,601</u>	<u>7,983,149</u>	<u>7,338,803</u>
Program Revenues:								
Governmental Activities:								
Operating Grants & Contributions	\$246,661	261,175	875,347	1,026,259	1,015,823	762,721	679,356	645,201
Total Governmental Activities Program Revenues	<u>246,661</u>	<u>261,175</u>	<u>875,347</u>	<u>1,026,259</u>	<u>1,015,823</u>	<u>762,721</u>	<u>679,356</u>	<u>645,201</u>
Business-Type Activities:								
Charges for Services:								
Food Service	176,660	185,569	179,098	173,857	168,696	134,912	117,477	124,334
Operating Grants & Contributions	59,774	63,995	61,323	56,676	50,118	41,840	39,998	43,330
Total Business-Type Activities Program Revenues	<u>236,434</u>	<u>249,564</u>	<u>240,421</u>	<u>230,533</u>	<u>218,814</u>	<u>176,752</u>	<u>157,475</u>	<u>167,664</u>
Total District Program Revenues	<u>\$483,095</u>	<u>510,739</u>	<u>1,115,768</u>	<u>1,256,792</u>	<u>1,234,637</u>	<u>939,473</u>	<u>836,831</u>	<u>812,865</u>
Net/(Expense)/Revenue:								
Governmental Activities	(\$9,140,511)	(9,505,776)	(8,632,851)	(8,656,731)	(7,917,549)	(7,433,357)	(7,122,836)	(6,518,763)
Business-Type Activities	(13,260)	(1,067)	(1,955)	(15,900)	7,575	(4,771)	(23,482)	(7,175)
Total District-Wide Net Expense	<u>(\$9,153,771)</u>	<u>(9,506,843)</u>	<u>(8,634,806)</u>	<u>(8,672,631)</u>	<u>(7,909,974)</u>	<u>(7,438,128)</u>	<u>(7,146,318)</u>	<u>(6,525,938)</u>

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

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General								
General Purposes, Net	\$6,804,063	6,588,096	6,424,790	6,289,590	6,053,150	5,745,356	5,359,697	4,502,882
Taxes Levied for Debt Service	731,242	506,624	505,786	492,912	504,147	493,357	485,493	508,393
Unrestricted Grants &								
Contributions	1,873,911	6,026,342	1,508,966	1,561,782	1,515,225	1,513,067	1,454,006	1,420,635
Tuition Received	112,567	135,433	106,260	38,289	46,882	4,265		1,093
Investment Earnings	2,461	3,223	3,935	12,235	11,891	10,270	1,916	1,013
Miscellaneous Income	172,063	59,444	57,154	102,420	98,763	89,853	30,047	15,272
Arbitrage Rebate Payment							(9,429)	
Cancellation of Debt Due to State Refunding							13,819	
Cancellation of Arbitrage Rebate Payable								12,171
Total Governmental Activities	9,696,307	13,319,162	8,606,891	8,497,228	8,230,058	7,856,168	7,335,549	6,461,459
Business-Type Activities:								
Investment Earnings	439	292	129	637	800	411	190	50
Total Business-Type Activities	439	292	129	637	800	411	190	50
Total District-Wide	\$9,696,746	13,319,454	8,607,020	8,497,865	8,230,858	7,856,579	7,335,739	6,461,509
Change in Net Assets:								
Governmental Activities	\$555,796	3,813,386	(25,960)	(159,503)	312,509	422,811	212,713	(57,304)
Business-Type Activities	(12,821)	(775)	(1,826)	(15,263)	8,375	(4,360)	(23,292)	(7,125)
Total District-Wide	\$542,975	3,812,611	(27,786)	(174,766)	320,884	418,451	189,421	(64,429)

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:								
Restricted	\$361,412	258,445	255,222	246,337	426,835	612,432	50,592	158,721
Assigned To	143,578							
Unassigned	206,430	131,616	420,818	715,631	715,369	378,160	556,735	213,682
Total General Fund	\$711,420	390,061	676,040	961,968	1,142,204	990,592	607,327	372,403
All Other Governmental Funds:								
Restricted		6,505,652						
Committed To	\$1,868,283							
Assigned To	9,037							
Restricted, Reported in:								
Capital Projects Fund	1,848,076	2,403,557		5,238	20,865	36,652	40,123	73,921
Debt Service Fund	6,302	23,423	618	1,946	14,550	14,724	10,988	7,382
Total All Other Governmental Funds	\$3,731,698	8,932,632	618	7,184	35,415	51,376	51,111	81,303

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Tax Levy	\$7,535,305	7,094,720	6,930,576	6,782,502	6,557,297	6,238,713	5,845,190	5,011,275	4,282,004	3,603,657
Tuition	112,567	135,433	106,260	38,289	46,882	4,265		1,093	19,189	26,720
Interest Earnings	2,461	3,223	3,935	12,235	11,891	10,270	19,350	6,357	7,464	15,688
Miscellaneous	172,063	59,444	57,154	102,420	98,763	89,854	11,102	4,408	13,972	37,834
State Sources	1,858,476	5,849,596	2,166,147	2,404,670	2,333,047	2,082,458	1,945,544	1,884,509	1,666,943	1,484,700
Federal Sources	262,096	437,921	218,166	183,371	198,001	193,330	187,818	181,326	140,278	119,452
Total Revenue	9,942,968	13,580,337	9,482,238	9,523,487	9,245,881	8,618,890	8,009,004	7,088,968	6,129,850	5,288,051
Expenditures:										
Current Expense:										
Regular Instruction	2,712,862	3,006,838	3,108,594	2,945,509	2,940,551	2,790,996	2,597,922	2,448,084	1,980,064	1,668,006
Special Education Instruction	948,708	342,215	592,843	627,149	602,389	499,941	504,665	396,282	432,013	449,871
Other Instruction	90,950	1,045,373	337,861	374,962	279,590	319,072	161,555	133,854	62,848	204,461
Support Services:										
Tuition	180,687	40,606	162,611	195,680	119,028	54,701	175,439	121,033	180,041	125,197
Student & Instruction Related										
Services	864,118	842,708	933,162	847,522	731,685	726,640	759,503	717,165	664,341	573,320
School Administrative Services	161,823	253,819	251,134	243,644	239,983	306,462	228,122	143,078	140,280	138,928
General Administrative Services	309,128	364,400	333,442	303,625	373,864	237,340	346,075	291,308	274,196	229,517
Central Services	204,368	209,806	204,439	197,652	176,262	166,389	156,105			
Plant Operations & Maintenance	684,113	690,863	669,978	677,799	599,651	528,222	515,149	492,432	418,368	385,446
Pupil Transportation	495,641	404,197	429,611	471,213	436,402	402,384	382,039	302,812	260,060	238,678
Other Support Services	2,084,430	2,135,543	2,065,618	2,183,718	1,977,558	1,596,282	1,359,749	1,313,243	1,086,888	910,060
Special Schools	3,054	25,498	21,456	27,062	16,360	10,399	6,300	5,685	6,099	4,698
Capital Outlay	5,239,350	822,442	61,120	234,762	15,787	3,471		9,293		
Debt Service:										
Principal	499,763	453,160	431,672	410,207	398,823	372,492	367,461	290,111	288,973	267,960
Interest & Other Charges	343,548	149,834	171,191	191,470	202,299	220,589	211,901	317,722	332,851	346,848

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total Expenditures	14,822,543	10,787,302	9,774,732	9,931,974	9,110,232	8,235,380	7,771,985	6,982,102	6,127,022	5,542,990
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,879,575)	2,793,035	(292,494)	(408,487)	135,649	383,510	237,019	106,866	2,828	(254,939)
Other Financing Sources/(Uses):										
Proceeds from Bond Issuance		5,853,000						4,990,000		
Accrued Interest on Sale of Bonds								4,691		
Payment to Refunded Bond Escrow Agent								(5,139,192)		
Premium on Bonded Debt								149,192		
Lease Purchase Agreement				200,000						
Transfers In	21,316	23,414	5,238	23,404	1,337	1,584	1,511	829	1,861	24,622
Transfers Out	(21,316)	(23,414)	(5,238)	(23,404)	(1,337)	(1,584)				(6,899)
Total Other Financing Sources/(Uses)		5,853,000		200,000			1,511	5,520	1,861	17,723
Net Change in Fund Balance	(\$4,879,575)	8,646,035	(292,494)	(208,487)	135,649	383,510	238,530	112,386	4,689	(237,216)
Debt Service as a Percentage of Noncapital Expenditures	8.80%	6.05%	6.21%	6.20%	6.61%	7.20%	7.45%	8.72%	10.15%	11.09%

98

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

FISCAL YEAR ENDED JUNE 30,	INTEREST ON INVESTMENTS	TUITION	PRIOR YEAR REFUNDS	RENTAL OF FACILITIES	SALE OF SCHOOL BUSES	MISCELLANEOUS	TOTAL
2011	\$15,805	112,567			119,000	18,403	265,775
2010	13,661	135,433	5,664	5,988		9,806	170,552
2009	20,895	106,260	33,801	5,366		1,027	167,349
2008	84,393	38,289	13,030	8,725		8,507	152,944
2007	100,675	46,882		9,120		859	157,536
2006	54,137	4,265	22,119	6,060		17,808	104,389
2005	19,350		5,483	4,335		1,284	30,452
2004	6,357	1,093		3,275		1,133	11,858
2003	7,464	19,189	1,794	7,225		4,953	40,625
2002	15,688	26,720		6,610		31,224	80,242

Source: District Records

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

∞	FISCAL								TOTAL	NET	TAX	TOTAL	ESTIMATED	
	YEAR	VACANT	RESIDENTIAL	FARM	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	ASSESSED	PUBLIC	EXEMPT	SCHOOL	ACTUAL	
	ENDED	LAND		REG.				VALUE	UTILITIES	VALUATION	PROPERTY	TAX	(COUNTY	
	JUNE 30,									TAXABLE	RATE	RATE	EQUALIZED)	
													VALUE	
	2011	\$7,353,700	356,556,700	5,219,500	349,100	40,933,333	27,543,700	247,500	438,203,533	734,285	438,937,818	16,286,400	1.760	N/A
	2010	7,509,600	355,461,900	5,618,900	221,300	42,825,433	28,180,100	247,500	440,064,733	935,159	440,999,892	15,613,500	1.709	865,077,124
	2009	9,394,000	353,561,400	5,818,900	221,300	39,800,433	29,918,500	247,500	438,962,033	864,453	439,826,486	15,583,900	1.614	877,699,606
	2008	9,168,000	351,430,400	5,768,600	221,300	39,889,933	29,918,500	247,500	436,644,233	657,300	437,301,533	15,425,600	1.584	927,057,820
	2007	8,893,800	352,740,900	4,762,400	221,700	35,102,400	30,836,700	247,500	432,805,400	888,480	433,693,880	15,425,600	1.565	817,347,978
	2006	10,628,000	340,352,400	5,157,900	223,200	40,020,700	27,174,900	247,500	423,804,600	1,002,720	424,807,320	15,218,500	1.544	701,924,862
	2005	11,632,100	330,499,200	5,174,600	227,200	38,929,900	26,315,800	247,500	413,026,300	1,103,105	414,129,405	15,317,000	1.506	681,653,937
	2004	16,369,100	297,968,800	5,174,600	227,200	37,834,700	26,315,800	247,500	384,137,700	1,462,728	385,600,428	15,532,600	1.517	570,445,055
	2003	20,774,600	264,200,700	4,094,700	506,500	25,317,800	27,466,800	247,500	342,608,600	1,757,035	344,365,635	15,619,900	1.456	453,786,225
	2002	26,614,900	219,704,200	4,414,400	491,900	25,317,800	27,466,800	247,500	304,257,500	1,153,951	305,411,451	15,487,800	1.403	355,399,486

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

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	HAINESPORT TOWNSHIP	REGIONAL SCHOOL	BURLINGTON COUNTY	
2011	1.580	0.180	1.760	0.499	0.543	0.746	3.548
2010	1.587	0.122	1.709	0.491	0.525	0.761	3.486
2009	1.508	0.106	1.614	0.475	0.564	0.808	3.461
2008	1.468	0.116	1.584	0.481	0.533	0.792	3.390
2007	1.452	0.113	1.565	0.453	0.597	0.795	3.410
2006	1.425	0.119	1.544	0.433	0.546	0.732	3.255
2005	1.388	0.119	1.507	0.412	0.502	0.682	3.103
2004	1.391	0.126	1.517	0.349	0.455	0.625	2.946
2003	1.308	0.148	1.456	0.328	0.377	0.598	2.759
2002	1.236	0.167	1.403	0.307	0.333	0.612	2.655

Source: Municipal Tax Collector

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2011		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
DDRM Crossroads Plaza	\$7,762,900	1	1.76%
South Hainesport Industrial Trust	6,679,400	2	1.52%
Berry Drive, LLC	5,742,300	3	1.30%
Mt. Laurel Road Limited Partnership	3,116,000	4	0.71%
Creek Crossing, LLC	3,062,800	5	0.70%
Arrow International Inc.	2,531,800	6	0.58%
White Cap, Inc.	1,731,500	7	0.36%
Creek Crossing, LLC	1,570,700	8	0.36%
Winzinger, Robert & Anne	1,378,100	9	0.31%
Drenk Institute	1,355,000	10	0.31%
Total	<u>\$34,930,500</u>		<u>7.94%</u>

TAXPAYER	2001		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Mt. Laurel Road LTD	\$7,608,000	1	2.78%
South Hainesport Industrial	4,494,900	2	1.64%
Arrow International	2,578,000	3	0.94%
Taxpayer #1	2,215,900	4	0.81%
Taxpayer #2	2,014,300	5	0.74%
Bell Atlantic	1,918,100	6	0.70%
E.I.D. Associates	1,685,700	7	0.62%
Taxpayer #3	1,637,600	8	0.60%
Taxpayer #4	1,466,700	9	0.54%
Irish American Associates	1,186,200	10	0.43%
Total	<u>\$26,805,400</u>		<u>9.81%</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2011	\$7,535,305	7,535,305	100.00%
2010	7,094,720	7,094,720	100.00%
2009	6,930,576	6,930,576	100.00%
2008	6,782,502	6,782,502	100.00%
2007	6,557,297	6,557,297	100.00%
2006	6,238,713	6,238,713	100.00%
2005	5,845,190	5,845,190	100.00%
2004	5,011,275	5,011,275	100.00%
2003	4,282,004	4,282,004	100.00%
2002	3,603,657	3,603,657	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

GOVERNMENTAL ACTIVITIES			
FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT
2011	\$8,942,878	40,000	8,982,878
2010	9,442,640	52,006	9,494,646
2009	4,042,800	132,006	4,174,806
2008	4,474,473	199,376	4,673,849
2007	4,884,679	65,569	4,950,248
2006	5,283,503	90,637	5,374,140
2005	5,655,995	59,710	5,715,705
2004	6,037,275	-	6,037,275
2003	6,017,387	13,156	6,030,543
2002	6,306,360	25,478	6,331,838

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY
	GENERAL OBLIGATION BONDS	DEDUCTIONS		
2011	\$8,942,878		8,942,878	2.03%
2010	9,442,640		9,442,640	2.15%
2009	4,042,800		4,042,800	0.92%
2008	4,474,473		4,474,473	1.03%
2007	4,884,679		4,884,679	1.15%
2006	5,283,503		5,283,503	1.28%
2005	5,655,995		5,655,995	1.47%
2004	6,037,275		6,037,275	1.75%
2003	6,017,387		6,017,387	1.97%
2002	6,306,360		6,306,360	1.97%

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

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Hainesport Township	8,560,544	100.000%	\$8,560,544
Burlington County	395,252,496	1.778%	7,027,589
Rancocas Valley Regional High School	21,823,000	18.482%	4,033,327
Subtotal, Overlapping Debt			19,621,460
Hainesport Township School District Direct Debt			8,942,878
Total Direct & Overlapping Debt			<u>\$28,564,338</u>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$26,698,346	18,047,574	26,076,502	23,611,432	20,477,708	17,047,821	13,796,308	11,183,813	9,373,266	8,388,745
Total Net Debt Applicable to Limit	8,942,878	9,442,640	4,042,800	4,474,473	4,884,679	5,283,503	5,655,995	6,037,275	6,017,387	6,306,360
Legal Debt Margin	<u>\$17,755,468</u>	<u>8,604,934</u>	<u>22,033,702</u>	<u>19,136,959</u>	<u>15,593,029</u>	<u>11,764,318</u>	<u>8,140,313</u>	<u>5,146,538</u>	<u>3,355,879</u>	<u>2,082,385</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	33.50%	52.32%	15.50%	18.95%	23.85%	30.99%	41.00%	53.98%	64.20%	75.18%

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized Valuation Basis
	2010 \$865,077,124
	2009 877,699,606
	2008 <u>927,057,820</u>
	<u>\$2,669,834,550</u>
Average Equalized Valuation of Taxable Property	<u>\$889,944,850</u>
Debt Limit (3 % of Average Equalization Value)	\$26,698,346
Net Bonded School Debt	<u>8,942,878</u>
Legal Debt Margin	<u>\$17,755,468</u>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION ^a	PERSONAL INCOME (THOUSANDS OF DOLLARS) ^b	BURLINGTON COUNTY PER CAPITA INCOME ^c	UNEMPLOYMENT RATE ^d
2010	N/A	N/A	N/A	7.6%
2009	5,951	276,816,716	46,516	7.1%
2008	5,955	279,694,440	46,564	4.1%
2007	5,997	264,638,308	45,463	3.0%
2006	6,099	258,880,700	43,551	3.3%
2005	6,046	242,905,310	40,795	2.6%
2004	6,045	235,556,730	39,606	2.9%
2003	5,647	210,001,624	37,982	3.2%
2002	5,213	190,102,075	37,299	3.2%
2001	4,630	167,071,608	36,912	2.2%

Source: NJ Dept of Labor and Workforce Development

^a NJ Dept of Labor & Workforce Development

^b Based upon the Municipal population & per capita personal income presented.

^c Provided by the NJ Department of Labor & Workforce Development

^d Provided by the NJ Department of Labor & Workforce Development

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

	<u>2011</u>
	EMPLOYEES
Shop Rite	242
Drenk	237
Arrow International	166
Winzinger, Inc.	106
Hainesport School	96
Perry Videx	58
Hainesport Auto & Truck	44
Brothers Electric	16
Atlantic Wood Industries	11
Hainesport Township	11
Total	<u><u>987</u></u>

2002 Information was not available

Source: Burlington County Economic Development

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Regular	40	49	51	49	50	47	46	45	43	41
Special Education	18	12	12	11	13	15	14	13	11	9
Other Special Education	1	4	6	6	3	3	3	3	2	2
Support Services:										
Student & Instruction Related Services	11	14	13	13	10	10	10	10	9	9
School Administrative Services	5	5	4	4	4	4	4	4	4	4
Business Administrative Services	4	4	5	5	5	5	5	5	5	5
Plant Operations & Maintenance	8	9	9	9	9	9	9	9	7	7
Pupil Transportation		3	3	3	3	3	3	3	2	2
Total	87	100	103	100	97	96	94	92	83	79

Source: District Personnel Records

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	JUNE 30, 2010 ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2011	700	\$8,739,882	12,486	-6.78%	57	1:12	700.2	669.3	0.66%	95.59%
2010	699	9,361,866	13,393	-1.21%	56	1:12	695.6	653.5	3.28%	93.95%
2009	672	9,110,749	13,558	-1.92%	57	1:12	673.5	634.5	-9.94%	94.21%
2008	658	9,095,535	13,823	8.39%	56	1:12	747.8	619.2	-0.17%	95.59%
2007	666	8,493,321	12,753	11.52%	56	1:12	648.9	621.0	-2.96%	95.70%
2006	668	7,638,828	11,435	0.64%	55	1:12	668.7	637.1	6.01%	95.27%
2005	633	7,192,593	11,363	7.29%	53	1:12	630.8	600.5	4.96%	95.20%
2004	601	6,364,976	10,591	8.52%	50	1:12	601.0	570.3	6.60%	94.89%
2003	564	5,504,254	9,759	-7.79%	47	1:12	563.8	538.3	21.12%	95.48%
2002	465	4,921,283	10,583		47	1:10	465.5	446.8		95.98%

Sources: District records

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary Schools:										
Hainesport Elementary (1925):										
Square Feet	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782
Capacity (Students)	636	636	636	636	636	636	636	636	636	636
Enrollment	700	699	672	658	666	668	633	601	564	465

Number of Schools at June 30, 2011:
Elementary = 1

Source: District Facilities Office

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Hainesport Elementary	\$60,240	57,287	55,694	43,807	48,381	35,164	40,517	58,262	23,455	34,012
Total	\$60,240	57,287	55,694	43,807	48,381	35,164	40,517	58,262	23,455	34,012

* 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

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2011**

	COVERAGE	SELF-INSURED RETENTION	DEDUCTIBLE
School Package Policy - Utica National Insurance Company:			
Building & Contents (All Locations)			
Limits of Liability per Occurrence	\$17,524,188		1,000
General Liability	3,000,000		
Automobile Liability	1,000,000		1,000
Crime Coverage	25,000		
Inland Marine	30,000		250
Umbrella Liability	5,000,000	10,000	
 New Jersey School Boards Association:			
Workers' Compensation	2,000,000		
 The Maskin Group:			
Student Accident	1,000,000		
 New Jersey School Boards Association:			
Surety Bonds:			
Treasurer	200,000		

Source: District records.

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Hainesport Township
County of Burlington
Hainesport, New Jersey 08036

We have audited the financial statements of the Board of Education of the Hainesport Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 4, 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 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 Hainesport Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

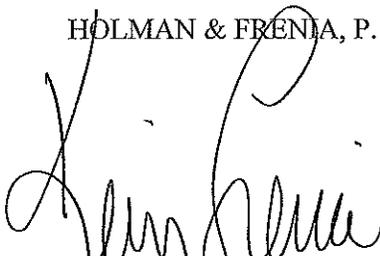
As part of obtaining reasonable assurance about whether the Hainesport Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name below.

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

Medford, New Jersey
November 4, 2011



Certified Public Accountants & Consultants

EXHIBIT K-2

**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**

Honorable President and Members
of the Board of Education
Hainesport Township
County of Burlington
Hainesport, New Jersey 08036

Compliance

We have audited the compliance of Board of Education of the Hainesport Township School District, in the County of Burlington, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Board of Education of the Hainesport Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Board of Education of the Hainesport Township School District's management. Our responsibility is to express an opinion on Board of Education of the Hainesport Township School District's compliance based on our audit.

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

In our opinion, the Board of Education of the Hainesport Township School District, County of Burlington, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2011.

MEDFORD OFFICE
618 Stokes Road • Medford, NJ 08055
Tel: 609.953.0612 • Fax: 609.953.8443
holmanfrenia.com

TOMS RIVER OFFICE
10 Allen St., Suite 2B • Toms River, NJ 08753
Tel: 732.797.1333 • Fax: 732.797.1022
holmanfrenia.com

Internal Control Over Compliance

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

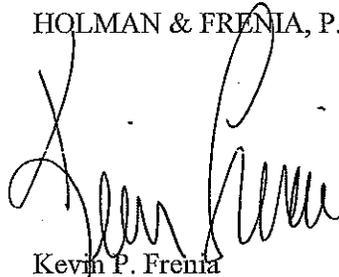
A deficiency in a District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
November 4, 2011

HAINESPORT TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30,			REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2011	DUE TO GRANTOR JUNE 30, 2011	MEMO	
				2010	CASH RECEIVED	BUDGETARY EXPENDITURES				BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:											
Equalization Aid	11-495-034-5120-078	\$607,570	7/1/10-6/30/11		607,570	(607,570)				(48,211)	607,570
Special Education Categorical Aid	11-495-034-5120-089	353,655	7/1/10-6/30/11		353,655	(353,655)				(7,774)	353,655
Security Aid	11-495-034-5120-084	56,643	7/1/10-6/30/11		56,643	(56,643)				(4,495)	56,643
Transportation Aid	11-495-034-5120-014	97,958	7/1/10-6/30/11		97,968	(97,968)				(28,062)	97,968
Extraordinary Aid	11-100-034-5120-044	34,184	7/1/10-6/30/11			(34,184)		(34,184)			34,184
Extraordinary Aid	10-100-034-5120-044	47,431	7/1/09-6/30/10	(\$47,431)	47,431						
Nonpublic Transportation Aid	11-495-034-5120-014	19,488	7/1/10-6/30/11			(19,488)		(19,488)			19,488
Nonpublic Transportation Aid	10-495-034-5120-014	14,995	7/1/09-6/30/10	(14,995)	14,995						
On-Behalf TPAF Pension Contribution	11-495-034-5095-001	272,733	7/1/10-6/30/11		272,733	(272,733)					272,733
On-Behalf TPAF Social Security Reimbursement	11-495-034-5095-051	283,045	7/1/10-6/30/11		261,413	(283,045)		(21,632)			283,045
On-Behalf TPAF Social Security Reimbursement	10-495-034-5095-002	308,740	7/1/09-6/30/10	(15,503)	15,503						
Total General Fund				(77,929)	1,727,911	(1,725,286)		(75,304)		(88,542)	1,725,286
State Grants:											
Special Revenue Fund:											
Nonpublic Textbook	10-100-034-5120-064	586	7/1/09-6/30/10	419			(419)				
Nonpublic Textbook	11-100-034-5120-064	512	7/1/10-6/30/11		512			512			
Nonpublic Nursing Services	11-100-034-5120-070	606	7/1/10-6/30/11		606	(315)		291			315
Ch 192/193 Speech	11-100-034-5120-067	1,252	7/1/10-6/30/11		1,252	(1,073)		179			1,073
Total Special Revenue Fund				419	2,370	(1,388)	(419)	982			1,388
Debt Service Fund:											
Debt Service Aid Type II	11-495-034-5120-017	82,669	7/1/10-6/30/11		82,669	(82,669)					82,669
State Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program (State Share)	11-100-010-3350-023	2,834	7/1/10-6/30/11		2,693	(2,834)		(141)			2,834
National School Lunch Program (State Share)	10-100-010-3350-023	3,374	7/1/09-6/30/10	(188)	188						
Total Enterprise Fund				(188)	2,881	(2,834)		(141)			2,834
Total State Financial Assistance				(\$77,698)	1,815,831	(1,812,177)	(419)	(75,445)	982	(88,542)	1,812,177

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2011**

Note 1. General

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 \$49,133 for the general fund and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2011**

Note 3. Relationship to Basic Financial Statements (continued):

	State
General Fund	\$1,774,419
Special Revenue Fund	1,388
Debt Service Fund	82,669
Enterprise Fund	<u>2,834</u>
Total Financial Assistance	<u>\$1,861,310</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

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.

Note 6. Federal and State Loans Outstanding

The Hainesport Township Board of Education had no loan balances outstanding at June 30, 2011.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

Identification of major programs:

GMIS Number(s)	Name of State Program
11-495-034-5095-078	Equalization Aid
11-495-034-5120-089	Special Education Categorical Aid

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

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

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

No Current Year Findings

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended 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*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

No Prior Year Findings

