

SCHOOL DISTRICT
OF
HENRY HUDSON REGIONAL



HENRY HUDSON REGIONAL BOARD OF EDUCATION
HIGHLANDS, NEW JERSEY

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

HENRY HUDSON REGIONAL BOARD OF EDUCATION

HIGHLANDS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**HENRY HUDSON REGIONAL BOARD OF EDUCATION
FINANCE DEPARTMENT**

HENRY HUDSON REGIONAL SCHOOL DISTRICT

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HENRY HUDSON REGIONAL SCHOOL DISTRICT

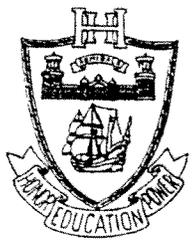
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INTRODUCTORY SECTION



HENRY HUDSON REGIONAL SCHOOL DISTRICT

• SERVING THE BOROUGHES OF ATLANTIC HIGHLANDS AND HIGHLANDS •

ONE GRAND TOUR • HIGHLANDS, NEW JERSEY 07732-2039

DR. VINCENT J. CAPRARO
Interim Superintendent
(732) 872-0900
Fax: (732) 872-1315
Email: vcapraro@hhrs.us

November 30, 2011

The Honorable President and
Members of the Board of Education
Henry Hudson Regional School District
One Grand Tour
Highlands, New Jersey 07732

Dear Board Members/Citizens:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Henry Hudson Regional School District (District). This report is for the fiscal year ended June 30, 2011. This report contains financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2010-2011 fiscal year.

Responsibility for the accuracy, completeness and fairness of this report rests with the District and, more specifically, the office of the School Business Administrator. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the District's continuing commitment to provide meaningful financial information to the citizens of the District.

This report has been divided into four sections:

The Introductory Section: includes this transmittal letter, the District's organizational chart, a list of principal officials, and a map of the State of New Jersey.

The Financial Section: includes the unqualified opinion of our independent auditors, Robert A. Hulsart and Company, Certified Public Accountants, the basic financial statement, and the combining and individual fund and account group financial statements.

The Statistical Section: includes selected financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

The Single Audit Section: is in accordance with generally accepted auditing standards; audit requirements as prescribed by the office of Finance, Department of Education, State of New Jersey; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this single audit, including the auditor's report in the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Henry Hudson Regional School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The District also acts as fiscal agent for State funds distributed to private schools located within the District boundaries. The private school served is Mother Teresa Regional School in Atlantic Highlands. Because of its independent nature, none of this organization's financial statements are included in this report. The District encompasses the Boroughs of Atlantic Highlands and Highlands. The Board of Education is comprised of five members from Highlands and four members from Atlantic Highlands. They are elected to three-year terms and meet on the third Wednesday of each month for the Regular Board Meeting. During its meetings, the Board determines District goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:00 p.m. unless otherwise noted. The name of Henry Hudson Regional comes from the historic Henry Hudson Springs located in Atlantic Highlands. In 1609, Henry Hudson, sea captain of the Half Moon, touched land, and drew water from the spring. Ships continued to use this spring into the 1900's.

The District provides a full-range of educational services appropriate to grade levels 7-12. These include regular, as well as inclusive education for disabled youngsters. The District is the only 7-12 School District in Monmouth County. It is accredited by the Middle States Association of Colleges and Secondary Schools and approved by the New Jersey State Department of Education.

The Parent Teacher Organization (PTO) is highly active in the District and provides community support for a variety of programs and activities for the children.

ECONOMIC CONDITION

The District, located in Monmouth County, is comprised of the towns of Atlantic Highlands and Highlands. These are settled residential communities with limited amounts of industry. Atlantic Highlands Borough is a stable community with few apartments or condominiums. Highlands Borough is also a stable community with seventy-five percent (75%) of the condominiums owner occupied. Both towns have a large senior citizen population. The Borough of Highlands has developed a Highlands Business Improvement District, which is funded by the business taxpayers and is aggressively expanding its shops and businesses with an open air Farmers Market on weekends, and an Annual Clam Festival. An increased positive perception of the District in the communities has increased community support.

MAJOR INITIATIVES

In 2010-2011, Henry Hudson hired a full time principal, Mrs. Lenore Kingsmore. Mrs. Kingsmore has been very proactive in continuing to improve the educational experience for all Henry Hudson students. She has also worked hard to reach out to the parents and the community and improve community support for the district.

The eighty two (82) graduates of the Henry Hudson Regional School Class of 2011 earned a total of \$1,632,250.00 in scholarships. Seventy Seven (77) members of the Henry Hudson Regional graduating class will be continuing their education in September 2011.

The District's band and choirs performed many local concerts. Thirty seven percent (37%) of the student body participated in the band program. The 7 & 8th Grade Band had 61 members while the High School Symphonic Band had 88 members. The Marching Band traveled to Williamsburg, VA on June 3-4, 2011. At the end of 2011, Mr. Tom Elliott, our band of 30 years retired. We wish him well and thank him for all his years of service.

Henry Hudson Regional School District participates in shared services to keep costs at a minimum. In January, 2011 Henry Hudson entered into a shared service agreement with Atlantic Highlands to share a Business Administrator. In addition, Henry Hudson Regional shares a Learning Disability Teacher/Consultant (LDT/C) with The Highlands Elementary School. Henry Hudson provides bus transportation for Atlantic Highlands Elementary School and Highlands Elementary School class trips. The liability/property insurance is in a group insurance fund through Boynton & Boynton, the health insurance is in a pooled insurance fund through Brown & Brown, and workman's compensation insurance is in the Monmouth-Ocean Counties Shared Services Insurance Fund through NJSBAIG. Transportation jointures and Chapter 192/193 Non-Public Services are obtained through the MOESC (Monmouth-Ocean Educational Services Commission). Cooperative purchasing of transportation and Non-Public Chapter 192/193 Services are also obtained through MOESC. Henry Hudson Regional School District is also a member of the Bayshore Jointure Commission. This group is comprised of ten (10) school districts. Henry Hudson Regional School District purchases gasoline for its school bus fleet through the Atlantic Highlands Harbor Commission. Henry Hudson Regional School District, Atlantic Highlands School District and Highlands School District participate in a shared Business Administrator, Supervisor of Curriculum/Instruction and Supervisor of Special Services. School facilities are used extensively for community recreation programs. The school band and choruses participate in parades and concerts for both communities. School buses provide trips for the senior citizen groups. The school is a designated Red Cross Emergency Shelter.

INTERNAL ACCOUNTING CONTROLS

The management of the District is responsible for establishing and maintaining an internal central structure designed to ensure that the assets of the District are protected from loss, theft or misuse and ensures 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 from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments of management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state awards.

BUDGETARY CONTROLS

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the State of New Jersey Department of Education.

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 municipalities. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function and object of expenditure with an individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year end are carried forward to succeeding years and are not re-appropriated. These amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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 organization is on the basis of fund and account groups. These fund and account groups are explained in "Notes to the Financial Statements," Note 1.

CASH MANAGEMENT

The District's cash management program addresses the issues of safety, liquidity and yield while maximizing returns. The District utilizes the New Jersey Cash Management Fund established by the Division of Investment of the Treasury Department under the jurisdiction of the New Jersey State Investment Council. The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force on June 30, 2011 is included in the Statistical Section of this report on Schedule J-20.

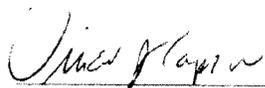
INDEPENDENT AUDIT

The State of New Jersey requires an annual audit by an independent certified public accounting firm. Robert A. Hulsart and Company was selected by the District to perform the audit for the fiscal year ended June 30, 2011. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the State Treasury Circular Letter 04-04 OMB. The Auditor's unqualified opinion rendered on the District's general basic financial statements, and their report on the combining and individual fund statements, is included in the financial section of this Comprehensive Annual Financial Report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

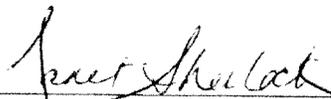
ACKNOWLEDGMENTS

The preparation of this report was made possible by the dedicated services of the entire staff of the Business Office. Finally, the support and commitment to excellence by the Henry Hudson Regional Board of Education and the citizens of the District was vital to the successful issuance of this report and continuing efforts being made to improve our financial management and reporting.

Yours truly,



Dr. Vincent Capraro
Interim Superintendent



Janet Sherlock
School Business Administrator/Board Secretary

**HENRY HUDSON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

One Grand Tour, Highlands, NJ 07732

ROSTER OF OFFICIALS
June 30, 2011

Members of the Board of Education

Term Expires

Loretta E. Gluckstein, President	2012
Betty O'Donnell, Vice President	2012
Troy Hartsgrove	2012
Russell E. Card	2013
Rosemary D. Ryan	2013
Michel Salazar-Linden	2013
Sarah Kroon Chiles	2014
Cheryl A. McDonald	2014
Robert W. Thuss, Jr.	2014

Other Officials

Title

Vincent J. Capraro, Ed.D.	Interim Superintendent
Janet Sherlock	School Business Administrator/Board Secretary
Armen McOmber, Esq.	Solicitor

**HENRY HUDSON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
One Grand Tour, Highlands, NJ 07732**

Consultants and Advisors

Architects

GANFLEC Architects & Engineers
1 Cragwood Road
Southfield Center, Suite 205
South Plainfield, New Jersey 07080

Audit Firm

Robert A. Hulsart and Company
2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

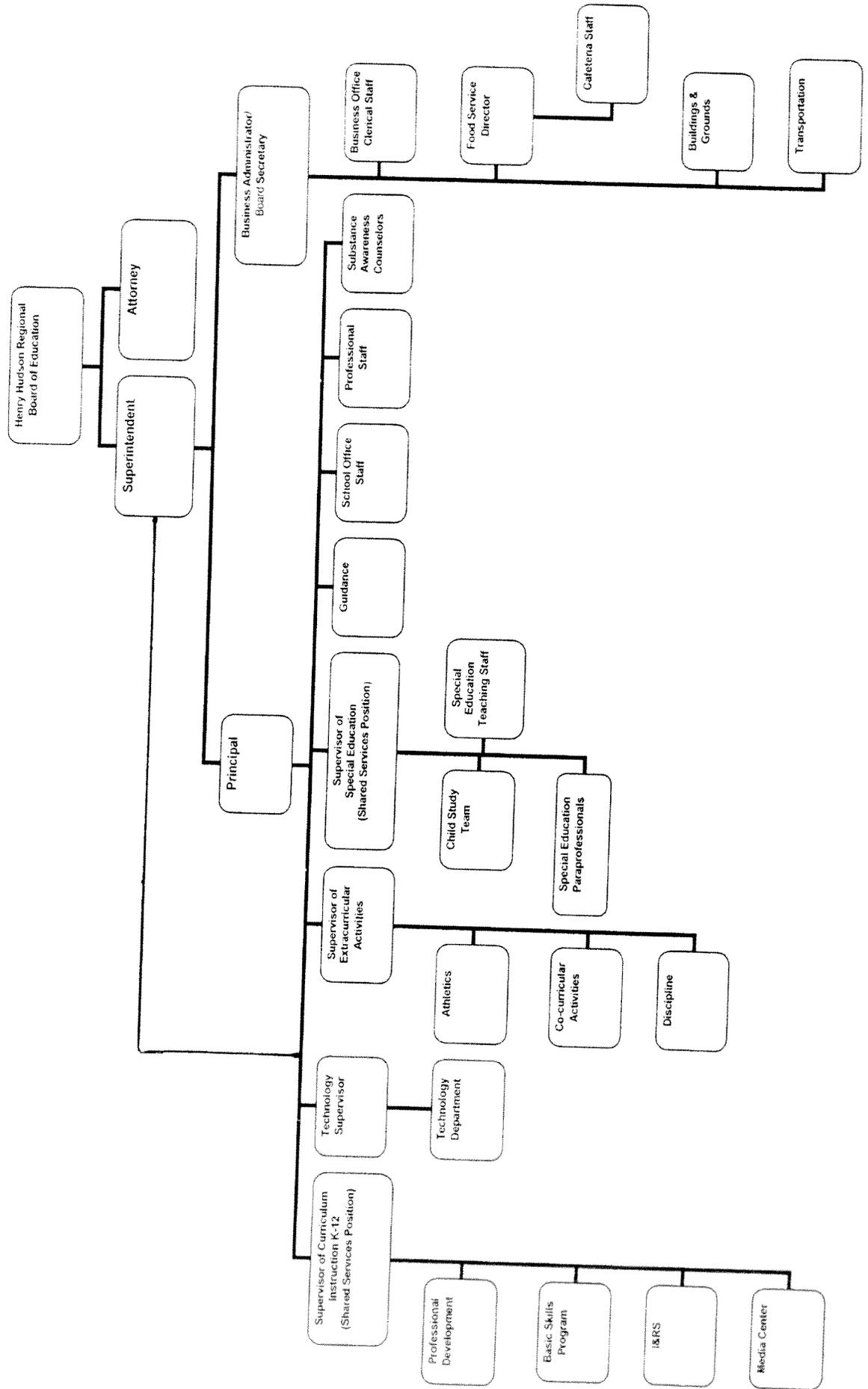
Attorney

McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

Official Depository

TD Bank
207 Harmony Road
Middletown, NJ 07748

**HENRY HUDSON REGIONAL SCHOOL DISTRICT
 BOARD OF EDUCATION
 ONE GRAND TOUR, HIGHLANDS, NJ 07732
 ORGANIZATIONAL CHART**



FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

9.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Henry Hudson Regional School District
County of Monmouth
Highlands, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the Henry Hudson Regional Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 16 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henry Hudson Regional Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical 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.

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 30, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

HENRY HUDSON REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Henry Hudson Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2010-2011 fiscal year are as follows:

- General revenues accounted for \$9,323,174 in revenue. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$490,156 to total revenues of \$9,813,330.
- Total assets of governmental activities decreased by \$73,357.
- The School District had \$9,735,579 in expenses; only \$490,156 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$9,323,174 were adequate to provide for these programs.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Tuckerton School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2010-2011 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for the fiscal years ended 2011 and 2010.

Table 1
Net Assets

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and Other Assets	\$ 2,084,396	1,851,491
Capital Assets, Net	<u>13,193,169</u>	<u>13,679,140</u>
Total Assets	<u>\$ 15,277,565</u>	<u>15,530,631</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 9,809,175	10,126,353
Other Liabilities	<u>471,564</u>	<u>465,185</u>
Total Liabilities	<u>\$ 10,280,739</u>	<u>10,591,538</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Debt	\$ 4,993,169	5,154,140
Restricted	1,761,250	1,482,371
Unrestricted	<u>(1,757,593)</u>	<u>(1,697,418)</u>
Total Net Assets	<u>\$ 4,996,826</u>	<u>4,939,093</u>

Table 2 shows the changes in net assets for fiscal years ended 2011 and 2010.

**Table 2
Changes in Net Assets**

<u>Revenues</u>	<u>2011</u>	<u>2010</u>
Program Revenues		
Charges for Services	\$ 176,021	175,479
Operating Grants and Contributions	314,135	482,310
General Revenues		
Property Taxes	8,008,592	7,985,531
Grants and Entitlements	1,330,989	1,220,974
Other	(16,407)	150,437
Total Revenues	<u>9,813,330</u>	<u>10,014,731</u>
 <u>Program Expenses</u>		
Instruction	3,891,558	3,431,413
Support Services		
Pupils and Instructional Staff	1,829,298	1,692,410
General Administration, School Administration, Business	524,547	638,693
Operations and Maintenance of Facilities	709,314	616,704
Pupil Transportation	882,558	892,939
Interest on Debt	373,194	385,912
Unallocated Benefits	779,288	1,919,323
Other	496,752	539,111
Food Service	<u>249,061</u>	<u>239,153</u>
Total Expenses	<u>9,735,570</u>	<u>10,355,658</u>
 (Decrease)/Increase in Net Assets	 <u>\$ 77,760</u>	 <u>(340,927)</u>

Business-Type Activities

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

- Food service expenses exceeded revenues by \$14,972.
- Charges for services represent \$176,021 of revenue. This represents amount paid by patrons for daily food services.
- Federal reimbursements for lunches, snacks and breakfast were \$58,068.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

School Board Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Boroughs of Atlantic Highlands and Highlands taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2011, it reported a combined net asset balance of \$4,996,826. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

Capital Assets

At June 30, 2011, the School Board had approximately \$19,594,266 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2011 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Capital Assets at June 30, 2011		
Land	\$ 83,060	
Site Improvements	436,210	
Buildings	16,362,354	
Machinery and Equipment	<u>2,703,657</u>	8,985
Total	<u>\$ 19,585,281</u>	<u>8,985</u>

Debt Administration

At June 30, 2011, the School District had \$10,134,175 as outstanding debt. Of this amount \$117,850 is for compensated absences, \$8,200,000 for bonds for school construction and \$1,816,325 for other employment benefits.

Economic Factors and Next Year's Budget

The Boroughs of Atlantic Highlands and Highlands are primarily residential communities, with few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

In conclusion, the Henry Hudson Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact: Mrs. Janet Sherlock School Business Administrator/Board Secretary at Henry Hudson Regional Board of Education, One Grand Tour, Highlands, NJ 07732.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

HENRY HUDSON REGIONAL SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 111,544	44,409	155,953
Receivables, Net	162,670	3,897	166,567
Inventory		626	626
Restricted Assets:			
Cash and Cash Equivalents	1,661,249		1,661,249
Capital Reserve Account - Cash	100,001		100,001
Capital Assets, Net	13,062,476	130,693	13,193,169
Total Assets	<u>15,097,940</u>	<u>179,625</u>	<u>15,277,565</u>
<u>Liabilities</u>			
Deferred Revenue	146,564		146,564
Noncurrent Liabilities:			
Due Within One Year	325,000		325,000
Due Beyond One Year	9,809,175		9,809,175
Total Liabilities	<u>10,280,739</u>	<u>-</u>	<u>10,280,739</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	4,862,476	130,693	4,993,169
Restricted For:			
Debt Service	1		1
Other Purposes	1,761,249		1,761,249
Unrestricted	<u>(1,806,525)</u>	<u>48,932</u>	<u>(1,757,593)</u>
Total Net Assets	<u>\$ 4,817,201</u>	<u>179,625</u>	<u>4,996,826</u>

The accompanying notes to financial statements are an integral part of this statement.

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>	<u>Expenses</u>				
Governmental Activities:					
Instruction:					
Regular	\$2,653,405		(2,653,405)		(2,653,405)
Special Education	739,663	138,460	(601,203)		(601,203)
Other Special Instruction	56,125		(56,125)		(56,125)
Other Instruction	442,365		(442,365)		(442,365)
Support Services:					
Tuition	576,839		(576,839)		(576,839)
Student & Instruction Related Services	1,252,459	117,607	(1,134,852)		(1,134,852)
School Administrative Services	224,028		(224,028)		(224,028)
General and Business Administrative			-		-
Services	300,519		(300,519)		(300,519)
Plant Operations and Maintenance	709,314		(709,314)		(709,314)
Pupil Transportation	882,558		(882,558)		(882,558)
Unallocated Benefits	779,288		(779,288)		(779,288)
Interest on Long-Term Debt	373,194		(373,194)		(373,194)
Unallocated Depreciation	496,752		(496,752)		(496,752)
Total Government Activities	9,486,509	256,067	(9,230,442)	-	(9,230,442)
Business-Type Activities:					
Food Service	249,061	58,068		(14,972)	(14,972)
Total Business-Type Activities	249,061	58,068	-	(14,972)	(14,972)
Total Primary Government	9,735,570	314,135	(9,230,442)	(14,972)	(9,245,414)

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2011

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	7,305,929		7,305,929
Taxes Levied for Debt Service	702,663		702,663
Federal and State Aid Not Restricted	1,330,989		1,330,989
Miscellaneous Income	60,851		60,851
Encumbrances Not Charged to Budget	(77,258)		(77,258)
Total General Revenues, Special Items, Extraordinary Items and Transfers	<u>9,323,174</u>	<u>-</u>	<u>9,323,174</u>
Change in Net Assets	92,732	(14,972)	77,760
Adjustment for Debt and Fixed Assets	(166,089)	146,062	(20,027)
Net Assets - Beginning	4,890,558	48,535	4,939,093
Net Assets - Ending	<u>\$ 4,817,201</u>	<u>179,625</u>	<u>4,996,826</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 111,544			111,544
Cash and Cash Equivalents-Restricted	1,761,249		1	1,761,250
Receivables from Other Governments	71,812	90,858		162,670
Interfund Receivable	65,713		-	65,713
Total Assets	<u>\$ 2,010,318</u>	<u>90,858</u>	<u>1</u>	<u>2,101,177</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Interfund Payable	\$ -	65,713		65,713
Deferred Revenue		25,145		25,145
Total Liabilities	<u>-</u>	<u>90,858</u>		<u>90,858</u>
Fund Balance:				
Restricted for:				
Excess Surplus-Designated for Subsequent Year's Expenditures	357,133			357,133
Excess Surplus	672,479			672,479
Maintenance Reserve	402,000			402,000
Capital Reserve Account	100,001			100,001
Committed To:				
Other Purposes	22,924			22,924
Assigned To:				
Designated by the BOE for Subsequent Year's Expenditures	206,712			206,712
Unassigned:				
General Fund	249,069			249,069
Debt Service			1	1
Total Fund Balances	<u>2,010,318</u>	<u>-</u>	<u>1</u>	<u>2,010,319</u>
Total Liabilities and Fund Balance	<u>\$ 2,010,318</u>	<u>90,858</u>		

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,380,972 and the accumulated depreciation is \$6,318,496

13,062,476

Accrued Interest

(121,419)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(10,134,175)

Net assets of governmental activities

\$ 4,817,201

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Local Sources:				
Local Tax Levy	\$ 7,305,929		702,663	8,008,592
Miscellaneous	60,851	27,196		88,047
Total Local Sources	<u>7,366,780</u>	<u>27,196</u>	<u>702,663</u>	<u>8,096,639</u>
State Sources	1,325,257	34,952	-	1,360,209
Federal Sources	5,732	193,919		199,651
Total Revenues	<u>8,697,769</u>	<u>256,067</u>	<u>702,663</u>	<u>9,656,499</u>
Expenditures				
Current:				
Regular Instruction	2,686,969			2,686,969
Special Education Instruction	601,203	138,460		739,663
Other Special Instruction	56,125			56,125
Other Instruction	442,365			442,365
Support Services and Undistributed Costs:				
Tuition	576,839			576,839
Student and Instruction Related Services	1,134,852	117,607		1,252,459
School Administrative Services	224,028			224,028
Other Administrative Services	300,519			300,519
Plant Operations and Maintenance	709,314			709,314
Pupil Transportation	882,558			882,558
Unallocated Benefits	737,902			737,902
Debt Service:				
Principal			325,000	325,000
Interest and Other Charges			377,663	377,663
Capital Outlay	46,177	-		46,177
Total Expenditures	<u>8,398,851</u>	<u>256,067</u>	<u>702,663</u>	<u>9,357,581</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Other Financing Sources and Uses:				
Adjust Encumbrances	(77,258)			(77,258)
Total Other Financing Sources and Uses	<u>(77,258)</u>	<u>-</u>	<u>-</u>	<u>(77,258)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>221,660</u>	<u>-</u>	<u>-</u>	<u>221,660</u>
Net Change in Fund Balances	221,660	-	-	221,660
Fund Balance - July 1	1,788,658		1	1,788,659
Fund Balance - June 30	<u>\$ 2,010,318</u>	<u>-</u>	<u>1</u>	<u>2,010,319</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$	221,660
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	(496,752)		
Capital Outlays	<u>46,177</u>		
			(450,575)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			325,000
Repayment of annual other postemployment benefits is an expenditure in the governmental funds, but the repayment of benefits decreases long-term liabilities in the statement of net assets and is not reported in the statement of activities.			(41,386)
In the statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used.			
Compensated Absences			33,564
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.			<u>4,469</u>
Change in Net Assets of Governmental Activities		\$	<u>92,732</u>

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 44,409
Accounts Receivable:	
State	74
Federal	3,823
Inventory	626
Total Current Assets	<u>48,932</u>
Noncurrent Assets:	
Equipment	230,627
Accumulated Depreciation	<u>(99,934)</u>
Total Fixed Assets	<u>130,693</u>
Total Assets	<u>\$ 179,625</u>
<u>Net Assets:</u>	
Investment in Capital Assets	\$ 130,693
Unrestricted	<u>48,932</u>
Total Net Assets	<u>\$ 179,625</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit B-5

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales	\$ 174,650
Miscellaneous	1,371
Total Operating Revenues	<u>176,021</u>
Operating Expenses:	
Salaries	88,477
Cost of Sales	106,877
Supplies and Materials	6,967
Management Fee	10,000
Cleaning	4,029
Insurance	5,800
Repairs	5,112
Depreciation	15,369
Miscellaneous	6,430
Operating Expenses	<u>249,061</u>
Operating Gain/(Loss)	(73,040)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	1,077
Federal Sources:	
National School Lunch Program	40,821
Federal Breakfast Program	14,047
Food Distribution Program	2,123
Total Non-Operating Revenues	<u>58,068</u>
Change in Net Assets	(14,972)
Adjustment for Fixed Assets	146,062
Net Assets, July 1	<u>48,535</u>
Net Assets, June 30	<u>\$ 179,625</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2011

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 176,021
Payments to Employees	(88,477)
Payments to Suppliers	(141,871)
Net Cash Provided (Used) by Operating Activities	<u>(54,327)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,077
Federal Sources	54,868
Net Cash Provided by Noncapital Financing Activities	<u>55,945</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,618
Cash and Cash Equivalents, July 1	<u>42,791</u>
Cash and Cash Equivalents, June 30	<u>\$ 44,409</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (73,040)
Depreciation	15,369
Federal Commodities Consumed	2,123
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Inventory	(111)
Decrease/(Increase) in Accounts Receivable	1,332
Net Cash Provided (Used) by Operating Activities	<u>\$ (54,327)</u>

The accompanying Notes to Financial Statements are an integral part c

STATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

JUNE 30, 2011

	<u>Private Purpose Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
Assets:		
Cash and Cash Equivalents	\$ 37,759	70,340
Total Assets	<u>\$ 37,759</u>	<u>70,340</u>
Net Assets:		
Reserved - Scholarships	\$ 37,759	-
Reserved - Unemployment Benefits		70,340
Total Net Assets	<u>\$ 37,759</u>	<u>70,340</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDSFOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
<u>Additions</u>		
Contributions:		
Other	\$ 24,171	7,535
Total Contributions	<u>24,171</u>	<u>7,535</u>
Investment Earnings:		
Interest	360	163
Net Investment Earnings	<u>360</u>	<u>163</u>
Total Additions	<u>24,531</u>	<u>7,698</u>
<u>Deductions</u>		
Unemployment Claims		17,990
Scholarships Awarded	26,538	
Total Deductions	<u>26,538</u>	<u>17,990</u>
Change in Net Assets	(2,007)	(10,292)
Net Assets - Beginning of Year	<u>39,766</u>	<u>80,632</u>
Net Assets - End of the Year	<u>\$ 37,759</u>	<u>70,340</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
HENRY HUDSON REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Henry Hudson Regional School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Henry Hudson Regional School District is a Type II district located in the County of Monmouth, 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 elected to three-year terms. The purpose of the district is to educate students in grades 7-12. The operations of the District include one Regional Junior High School/High School, located in the Highlands. The Henry Hudson Regional School District had an approximate enrollment at June 30, 2011 of 403 students.

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

- 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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District 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. Each fund is a separate accounting entity with a self-balancing set of accounts. 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. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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 Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of 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 following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the 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. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

F. 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 District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

G. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses (Continued)**

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2003, fiscal year 2003 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital Assets That Are				
Not Being Depreciated:				
Land	\$ 83,060	_____	_____	<u>83,060</u>
Total	<u>83,060</u>	_____	_____	<u>83,060</u>
Depreciable Assets:				
Site Improvements	436,210			436,210
Buildings	16,362,354			16,362,354
Equipment	<u>2,703,657</u>	<u>26,318</u>	<u>(230,627)</u>	<u>2,499,348</u>
Total	<u>19,502,221</u>	<u>26,318</u>	<u>(230,627)</u>	<u>19,297,912</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2011</u>
Less: Accumulated Depreciation:				
Sites	(132,104)	(7,426)	(235,624)	(375,154)
Buildings	(4,955,249)	(393,844)	1,516,705	(3,832,388)
Equipment	<u>(818,788)</u>	<u>(95,482)</u>	<u>(1,196,684)</u>	<u>(2,110,954)</u>
Total Accumulated Depreciation	<u>(5,906,141)</u>	<u>(496,752)</u>	<u>84,397</u>	<u>(6,318,496)</u>
Net Depreciable Assets	<u>13,596,080</u>	<u>(470,434)</u>	<u>(146,230)</u>	<u>12,979,416</u>
Governmental Activities Capital Assets (Net)	<u>\$ 13,679,140</u>	<u>(470,434)</u>	<u>(146,230)</u>	<u>13,062,476</u>

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2011</u>
Business-Type Activities:				
Equipment	\$ 8,985		221,642	230,627
Less: Accumulated Depreciation:				
Equipment	<u>(8,985)</u>	<u>(15,369)</u>	<u>(75,580)</u>	<u>(99,934)</u>
Business-Type Capital Assets (Net)	<u>\$</u>	<u>(15,369)</u>	<u>146,062</u>	<u>130,693</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	\$ 496,752
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NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 10).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash <u>Equivalents</u>
Checking and Money Market Accounts	\$ 1,759,341
Cash Management Accounts	<u>374,416</u>
	\$ 2,133,757

The carrying amount of the District's cash and cash equivalents at June 30, 2011 was \$2,133,757 and the bank balance was \$2,395,474. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,659,341 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<u>Depository Account</u>	<u>Bank Balance</u> <u>June 30, 2011</u>
Insured:	
FDIC	\$ 100,000
GUDPA	1,659,341
Uninsured	374,416

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

At June 30, 2011 the District held \$374,416 in uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Long-Term</u> <u>Portion</u>	<u>2011-12</u> <u>Payment</u>
Compensated Absences Payable	\$ 151,414		33,564	117,850	117,850	
Other Employment Benefits	1,774,939	130,361	88,975	1,816,325	1,816,325	
Bonds Payable	<u>8,525,000</u>	<u> </u>	<u>325,000</u>	<u>8,200,000</u>	<u>7,875,000</u>	<u>325,000</u>
	<u>\$ 10,451,353</u>	<u>130,361</u>	<u>447,539</u>	<u>10,134,175</u>	<u>9,801,175</u>	<u>325,000</u>

A. Bonds Payable

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

Bonds issued January 28, 2003 for \$10,340,000 for additions and renovations to the high school maturing March 1, 2028 with a balance of \$8,200,000 at June 30, 2011 with interest rates from 4.75% to 5%.

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable (Continued)**

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 325,000	364,256	689,256
2013	350,000	350,850	700,850
2014	350,000	336,413	686,413
2015	375,000	321,975	696,975
2016	400,000	306,506	706,506
2017-2021	2,275,000	1,261,981	3,536,981
2022-2026	2,800,000	705,550	3,505,550
2027-2028	<u>1,325,000</u>	<u>92,500</u>	<u>1,417,500</u>
	<u>\$ 8,200,000</u>	<u>3,740,031</u>	<u>11,940,031</u>

NOTE 4: Pension Plans

Description of Plans – 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 Teacher’s Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers’ Pension and Annuity Fund (TPAF) – The Teachers’ Pension and Annuity Fund was established as of January 1, 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 non-contributing 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.

NOTE 4: Pension Plans (Continued)

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for 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 60 and are generally determined to be 1/60 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 provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision 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 contribution. 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 contains 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 Districts' 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.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required 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% 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 cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 4: Pension Plans (Continued)

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2011, the State of New Jersey contributed \$228,674 to the TPAF for post-retirement medical 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 \$254,470 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ 71,256	100%	\$ 0
6/30/10	53,585	100%	0
6/30/09	114,996	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ 254,470	100%	0
6/30/10	231,830	100%	0
6/30/09	240,750	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees 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.

NOTE 5: Post-Retirement Benefits (Continued)

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 6: Interfund Receivables and Payables

	<u>From</u>	<u>To</u>
General Fund	\$	65,713
Special Revenue Fund	<u>65,713</u>	<u> </u>
	<u>\$ 65,713</u>	<u>65,713</u>

Will be liquidated when receivables are received.

NOTE 7: 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 right to the benefits.

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

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences as of June 30, 2011, was \$117,850.

NOTE 8: Capital Reserve Account

A capital reserve account was established by the Henry Hudson Regional Board of Education by inclusion of \$150,000 on October 18, 2001 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.

NOTE 8: Capital Reserve Account (Continued)

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 appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2010	\$ 1
Transfer from Surplus by Board Resolution	<u>100,000</u>
Ending Balance, June 30, 2011	<u>\$ 100,001</u>

NOTE 9: Inventory

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

Food	\$ 348
Supplies	<u>278</u>
	<u>\$ 626</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$2,067,611 General Fund fund balance at June 30, 2011, \$22,924 is reserved for encumbrances; \$100,001 has been placed in the capital reserve; \$402,000 is in maintenance reserve; \$206,712 is designated for subsequent year's expenditures; \$672,479 is excess surplus and \$306,362 is undesignated; \$357,133 is designated for subsequent year's expenditures – excess surplus.

NOTE 11: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, 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.

NOTE 12: Equity Balance**2% Calculation of Excess Surplus**

2010-11 Total General Fund Expenditures Per the CAFR	\$ 8,398,851
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(483,144)</u>
Adjusted 2010-11 General Fund Expenditures	<u>\$ 7,915,707</u>
2% of Adjusted 2010-11 General Fund Expenditures	<u>\$ 158,314</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>56,362</u>
Maximum Unassigned Fund Balance	<u>\$ 306,362</u>

Section 2

Total General Fund – Fund Balance @ 6-30-11	\$ 2,067,611
Decreased by:	
Year-End Encumbrances	(22,924)
Legally Restricted – Designated for Subsequent Year’s Expenditures	(357,133)
Other Restricted Reserved Fund Balances	(502,001)
Assigned - Designated for Subsequent Years Expenditures	<u>(206,712)</u>
Total Unassigned Fund Balance	<u>\$ 978,841</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 672,479</u>

Section 3

Excess Surplus	<u>\$ 672,479</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 47,128
Non-Public Transportation	<u>9,234</u>
	<u>\$ 56,362</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 402,000
Capital Reserve	<u>100,001</u>
	<u>\$ 502,001</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. Designated for subsequent year’s represents the amount appropriated in the 2011-2012 budget.

Unrestricted is surplus not previously committed or reserved for any other purpose.

NOTE 13: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 14: Economic Dependency

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

NOTE 15: 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 elected to fund its 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 District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Reimbursed</u>	<u>Balance</u>
2010-2011	\$ 7,535	163	17,990	70,340
2009-2010	10,712	286	21,524	80,632
2008-2009	28,928	1,111	16,752	91,158

NOTE 16: 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:

Franklin Tempelton Trust	Siracusa Benefits
American Century Investment	AXA Equitable
Met Life Resources (Citistreet)	Mass Mutual

NOTE 17: Post-Retirement Health Benefits

Henry Hudson Regional School District provides post-employment dental to all retirees and prescription drug coverage to those who retired prior to July 1, 2005. Henry Hudson Regional School District pays 100% of the insurance cost for the retiree.

Henry Hudson Regional School District's annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The following table shows the changes in Henry Hudson Regional School District's annual Other-Post Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in their net Other Post-Employment Benefit obligation plan:

Annual Required Contribution	\$ 130,361
Interest on Net Other Post-Employment Benefit	
Adjustment to Annual Required Contribution	<u> </u>
	130,361
Annual Other Post-Employment Benefit Contributions Made	<u> </u>
Increase in Net OPEB Obligation	133,305
Net OPEB, Beginning of Year	<u>1,685,964</u>
Net OPEB, End of Year	<u>\$ 1,816,325</u>

Henry Hudson Regional School District's annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan, and the net Other Post Employment Benefit obligation (OPEB) for the year ending June 30, 2011 is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 130,361	0%	1,816,325

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumption is used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

NOTE 17: Post-Retirement Health Benefits (Continued)

The investment return assumption (discount rate) should be estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that are being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution of the basis that the Plan would not be funded. We based dental and prescription drug claims on an annual average claims cost of approximately \$512 for single dental coverage and \$2,162 for single prescription drug coverage. We assumed health care costs would increase annual at a rate of 5%.

Henry Hudson Regional School District currently has thirty-eight retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to Henry Hudson Regional School District to provide benefits to the retirees for the year ended June 30, 2011 was \$1,816,325.

NOTE 18: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through November 30, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,305,929		7,305,929	7,305,929	-
Interest on Investments	1,000		1,000	5,529	4,529
Miscellaneous	10,000		10,000	31,030	21,030
Total Local Sources	<u>7,316,929</u>	<u>-</u>	<u>7,316,929</u>	<u>7,342,488</u>	<u>25,559</u>
Intermediate Sources:					
Miscellaneous	16,312		16,312	24,292	7,980
Total Intermediate Sources	<u>16,312</u>		<u>16,312</u>	<u>24,292</u>	<u>7,980</u>
State Sources:					
Security Aid	63,037		63,037	63,037	-
Adjustment Aid	209,392		209,392	209,392	-
Transportation Aid	176,221		176,221	176,221	-
Special Education Aid	236,705		236,705	236,705	-
Extraordinary Aid	43,620		43,620	90,748	47,128
Non Public Transportation			-	9,234	9,234
TPAF Pension Contribution			-	228,674	228,674
TPAF SS Contribution			-	254,470	254,470
Total State Sources	<u>728,975</u>	<u>-</u>	<u>728,975</u>	<u>1,268,481</u>	<u>539,506</u>
Federal Sources:					
Semi				5,732	5,732
Total Revenues	<u>8,062,216</u>	<u>-</u>	<u>8,062,216</u>	<u>8,640,993</u>	<u>578,777</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	643,883	47,016	690,899	680,218	10,681
Grades 9-12 - Salaries of Teachers	1,316,343	(101,657)	1,214,686	1,184,307	30,379
Subtotal	<u>1,960,226</u>	<u>(54,641)</u>	<u>1,905,585</u>	<u>1,864,525</u>	<u>41,060</u>
Regular Programs - Home Instruction					
Salaries - Teachers	8,000	15,651	23,651	23,651	-
Purchased Professional Educational Services	21,970	(15,651)	6,319	1,638	4,681
Subtotal	<u>29,970</u>	<u>-</u>	<u>29,970</u>	<u>25,289</u>	<u>4,681</u>
Regular Programs - Undistributed Instruction:					
Health Benefits	710,984		710,984	640,036	70,948
Other Purchased Services	3,500		3,500	3,003	497
General Supplies	49,357	43,041	92,398	87,992	4,406
Textbooks	4,050	3,600	7,650	5,406	2,244
Other Objects	59,519	8,000	67,519	60,718	6,801
Subtotal	<u>827,410</u>	<u>54,641</u>	<u>882,051</u>	<u>797,155</u>	<u>84,896</u>
Total Regular Programs - Instruction	<u>2,817,606</u>	<u>-</u>	<u>2,817,606</u>	<u>2,686,969</u>	<u>130,637</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	58,793		58,793	57,655	1,138
Other Salaries for Instruction	16,421		16,421	16,421	-
General Supplies	500	(317)	183	183	-
Textbooks		517	517	517	-
Other Objects	400	(200)	200		200
Total Behavioral Disabilities	<u>76,114</u>	<u>-</u>	<u>76,114</u>	<u>58,172</u>	<u>17,942</u>
Multiple Disabilities					
Salaries of Teachers	111,066	4,415	115,481	114,005	1,476
Other Salaries for Instruction	63,852	3,685	67,537	47,937	19,600
General Supplies	1,000		1,000	522	478
Total Special Education Instruction - LLD	<u>175,918</u>	<u>8,100</u>	<u>184,018</u>	<u>162,464</u>	<u>21,554</u>
Resource Room/Center:					
Salaries of Teachers	306,793	(8,100)	298,693	281,480	17,213
Other Salaries for Instruction	7,905		7,905	7,905	-
General Supplies	1,500		1,500	388	1,112
Other Objects	200		200	200	-
Total Resource Room/Center	<u>316,398</u>	<u>(8,100)</u>	<u>308,298</u>	<u>281,868</u>	<u>26,430</u>
Special Education-Teacher Benefits:					
Health Benefits	<u>159,335</u>		<u>159,335</u>	<u>98,699</u>	<u>60,636</u>
Total Autism	<u>159,335</u>	<u>-</u>	<u>159,335</u>	<u>98,699</u>	<u>60,636</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education - Instruction	727,765	-	727,765	601,203	126,562
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	57,615		57,615	54,760	2,855
General Supplies	3,800		3,800	1,365	2,435
Total Basic Skills/Remedial - Instruction	61,415	-	61,415	56,125	5,290
School Sponsored Co-Curricular Athletics - Instruction					
Salaries	361,945	(11,226)	350,719	333,290	17,429
Health Benefits	23,028		23,028	21,988	1,040
Supplies	23,450		23,450	23,182	268
Other Objects	70,259		70,259	63,905	6,354
Total School Sponsored Co-Curricular Athletics	478,682	(11,226)	467,456	442,365	25,091
Total Distributed Expenditures	4,085,468	(11,226)	4,074,242	3,786,662	287,580
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs in State - Regular	29,700		29,700	19,713	9,987
Tuition to Other LEAs in State - Special	263,000		263,000	168,334	94,666
Tuition to County Vocational School:					
Regular	116,000		116,000	84,538	31,462
Special	66,000		66,000	46,100	19,900
Tuition to Private School for Handicapped -					
Within State	273,095		273,095	227,404	45,691
Tuition - Other	30,750		30,750	30,750	-
Total Instruction	778,545	-	778,545	576,839	201,706

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance & Social Work:					
Salaries	22,448		22,448	19,764	2,684
Health Benefits	8,748	2,977	11,725	11,725	-
Total Attendance & Social Work	31,196	2,977	34,173	31,489	2,684
Health Services:					
Salaries	61,267	(1,252)	60,015	60,015	-
Health Benefits	9,764		9,764	9,326	438
Purchased Professional/Technical Services	5,500	712	6,212	5,484	728
Supplies and Materials	1,200		1,200	1,067	133
Other Objects	300	540	840	840	-
Total Health Services	78,031	-	78,031	76,732	1,299
Other Support Student - Related:					
Salaries	4,100		4,100	3,875	225
Purchased Professional/Technical Services	42,249		42,249	30,842	11,407
Supplies and Materials	1,250		1,250	670	580
Total Related Services	47,599	-	47,599	35,387	12,212
Other Support Student-Extra					
Salaries	50,762		50,762	20,454	30,308
Health Benefits	3,000		3,000	1,500	1,500
Total Extra Services	53,762	-	53,762	21,954	31,808

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Student - Regular:					
Salaries of Other Professional Staff	263,711	640	264,351	253,622	10,729
Salaries of Secretarial & Clerical	45,718		45,718	39,673	6,045
Health Benefits	91,093	(580)	90,513	84,353	6,160
Purchased Professional/Educational Services	1,700	(1,250)	450	450	-
Supplies and Materials	9,410	(3,646)	5,764	4,113	1,651
Other Objects	15,819	(194)	15,625	14,403	1,222
Total Other Support Student - Regular	<u>427,451</u>	<u>(5,030)</u>	<u>422,421</u>	<u>396,614</u>	<u>25,807</u>
Other Support Student - Special:					
Salaries of Other Professional Staff	88,346		88,346	69,022	19,324
Salaries of Secretarial & Clerical	57,384		57,384	55,097	2,287
Health Benefits	68,454	(5,223)	63,231	52,345	10,886
Miscellaneous Purchased Services	31,850	2,246	34,096	31,388	2,708
Supplies and Materials	3,000		3,000	1,100	1,900
Other Objects	20,596		20,596	6,692	13,904
Total Other Support Student - Special	<u>269,630</u>	<u>(2,977)</u>	<u>266,653</u>	<u>215,644</u>	<u>51,009</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Improvement Instructional Services:					
Salaries of Secretarial & Clerical	79,706	(7,758)	71,948	49,515	22,433
Health Benefits	22,875	256	23,131	23,131	-
Purchased Professional Educational Services	35,934		35,934	35,264	670
Supplies & Materials	1,200		1,200	281	919
Other Objects	9,375		9,375	3,395	5,980
Total Improvement Instructional Services	<u>149,090</u>	<u>(7,502)</u>	<u>141,588</u>	<u>111,586</u>	<u>30,002</u>
Educational Media/Library:					
Salaries	122,571		122,571	79,005	43,566
Other Salaries For Instruction	88,903		88,903	88,903	-
Health Benefits	50,492		50,492	38,363	12,129
Other Purchased Services	105		105	80	25
Supplies & Materials	8,380		8,380	6,131	2,249
Other Objects	3,222		3,222	2,833	389
Total Educational Media/Library	<u>273,673</u>	<u>-</u>	<u>273,673</u>	<u>215,315</u>	<u>58,358</u>
Staff Training:					
Salaries of Supervisors of Instruction	17,666		17,666	13,419	4,247
Health Benefits	6,608		6,608	6,072	536
Other Objects	11,373		11,373	10,640	733
Total Staff Training	<u>35,647</u>	<u>-</u>	<u>35,647</u>	<u>30,131</u>	<u>5,516</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration:					
Salaries	80,828	4,045	84,873	80,469	4,404
Health Benefits	31,940	(16,822)	15,118	9,517	5,601
Legal Services	30,326	14,397	44,723	41,913	2,810
Audit Fee	17,710	1,790	19,500	19,500	-
Other Purchased Professional Services	2,000	3,085	5,085	2,325	2,760
Purchased Technical Services	5,000	7,137	12,137	6,690	5,447
Communications/Telephone	35,000	-	35,000	24,280	10,720
BOE Other Purchased Services	5,000	-	5,000	-	5,000
Other Purchased Services	10,134	(2,004)	8,130	8,130	-
Supplies & Materials	12,500	2,713	15,213	8,162	7,051
BOE In House training Supplies	2,500	-	2,500	526	1,974
Miscellaneous Expenditures	24,849	3,000	27,849	18,095	9,754
BOE Membership Dues and Fees	6,000	-	6,000	4,421	1,579
Total Support Services - General Administration	263,787	17,341	281,128	224,028	57,100
Support Services - School Administration:					
Salaries of Principals/Vice Principals	64,868	3,632	68,500	60,976	7,524
Salaries of Secretarial & Clerical	11,547		11,547	11,547	-
Health Benefits	14,525	(2,817)	11,708	1,025	10,683
Supplies & Materials	450	923	1,373	1,226	147
Other Objects	1,478	3,201	4,679	3,019	1,660
Total Support Services - School Administration	92,868	4,939	97,807	77,793	20,014
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	88,150	6,950	95,100	82,243	12,857
General Supplies	750		750	750	-
Other Objects	500	(151)	349		349
Total Allowable Maintenance Facilities	<u>89,400</u>	<u>6,799</u>	<u>96,199</u>	<u>82,993</u>	<u>13,206</u>
Other Operations & Maintenance:					
Salaries	53,121	(5,843)	47,278	30,760	16,518
Health Benefits	11,183	(4,566)	6,617	1,586	5,031
Purchased Professional/Technical Serv.	293,829	(12,996)	280,833	278,604	2,229
Cleaning, Repair & Maintenance Services	55,963	(834)	55,129	48,339	6,790
Rental of Land & Bldg.	2,465	(301)	2,164		2,164
Insurance	15,475		15,475	15,475	-
Other Purchased Services	19,054		19,054	11,129	7,925
General Supplies	9,151	1,378	10,529	10,529	-
Natural Gas	90,000	(5,129)	84,871	61,130	23,741
Energy (Heat & Electricity)	141,243	5,129	146,372	146,372	-
Other Objects	12,816	(242)	12,574	12,195	379
Total Other Operations & Maintenance	<u>704,300</u>	<u>(23,404)</u>	<u>680,896</u>	<u>616,119</u>	<u>64,777</u>
Security:					
Purchased Professional and Tech. Services	12,600	-	12,600	10,202	2,398
Total Security	<u>12,600</u>	<u>-</u>	<u>12,600</u>	<u>10,202</u>	<u>2,398</u>
Total Operations & Maintenance	<u>806,300</u>	<u>(16,605)</u>	<u>789,695</u>	<u>709,314</u>	<u>80,381</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Salaries between Home & School-Regular	144,349		144,349	139,313	5,036
Salaries between Home & School-Special	60,311	(5,148)	55,163	34,160	21,003
Health Benefits	54,259		54,259	45,659	8,600
Cleaning, Repair, Maintenance Services	91,594		91,594	87,676	3,918
Rental Payments-School Buses	3,000		3,000	395	2,605
Contracted Services Between Home & School- Vendors	202,448	(9,641)	192,807	192,807	-
Contracted Services Other - Vendors	200		200		200
Contracted Services Special Ed.					
Joint Agreement	303,411		303,411	300,086	3,325
Contracted Services-Aid in Lieu-N.P.	40,000		40,000	9,045	30,955
Miscellaneous	23,996		23,996	23,996	-
General Supplies	1,000		1,000	185	815
Transportation Supplies	47,812	507	48,319	47,168	1,151
Other Objects	2,000		2,068	2,068	-
Total Student Transportation	<u>974,380</u>	<u>(14,214)</u>	<u>960,166</u>	<u>882,558</u>	<u>77,608</u>
Central Services:					
Salaries	136,080	(6,629)	129,451	129,451	-
Clerical Salaries		3,487	3,487	3,487	-
Health Benefits	32,571	(3,138)	29,433	29,433	-
Purchased Professional Educational Services		30,534	30,534	30,534	-
Purchased Technical Services	15,551	8,199	23,750	23,750	-
Supplies & Materials	2,000	952	2,952	2,952	-
Miscellaneous Expenditures	6,000	(2,881)	3,119	3,119	-
Total Central Services	<u>192,202</u>	<u>30,524</u>	<u>222,726</u>	<u>222,726</u>	<u>-</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	109,569	(10,994)	98,575	83,593	14,982
Other Retirement Contrib. - PERS	60,843	10,413	71,256	71,256	-
Workman's Compensation	58,249	(7,351)	50,898	49,077	1,821
Tuition Reimbursements	18,000	(4,262)	13,738	3,600	10,138
Other Employee Benefits	38,016	11,617	49,633	47,232	2,401
Total Unallocated Benefits	<u>284,677</u>	<u>(577)</u>	<u>284,100</u>	<u>254,758</u>	<u>29,342</u>
TPAF Pension Contribution			-	228,674	(228,674)
TPAF SS Contribution			-	254,470	(254,470)
Total Undistributed Expenditures	<u>4,759,838</u>	<u>8,876</u>	<u>4,768,714</u>	<u>4,566,012</u>	<u>202,702</u>
Total General Current Expense	<u>8,845,306</u>	<u>(2,350)</u>	<u>8,842,956</u>	<u>8,352,674</u>	<u>490,282</u>
Equipment					
Facility Construction	46,177		46,177	46,177	-
Total Facilities Acquisition & Construction Services	<u>46,177</u>	<u>-</u>	<u>46,177</u>	<u>46,177</u>	<u>-</u>
Total Capital Outlay	<u>46,177</u>	<u>-</u>	<u>46,177</u>	<u>46,177</u>	<u>-</u>
Total Current Expense, and Capital Outlay	<u>8,891,483</u>	<u>(2,350)</u>	<u>8,889,133</u>	<u>8,398,851</u>	<u>490,282</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(829,267)</u>	<u>2,350</u>	<u>(826,917)</u>	<u>242,142</u>	<u>1,069,059</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/Uses:					
Adjustment of prior year payables				(77,258)	(77,258)
Total Other Financing Sources & Uses	-	-	-	(77,258)	(77,258)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/Uses	(829,267)	2,350	(826,917)	164,884	991,801
Fund Balance July 1	<u>1,902,727</u>		<u>1,902,727</u>	<u>1,902,727</u>	
Fund Balance June 30	<u>\$ 1,073,460</u>	<u>2,350</u>	<u>1,075,810</u>	<u>2,067,611</u>	<u>991,801</u>
Recapitulation:					
Restricted fund Balance:					
Excess Surplus-Designated for Subsequent Years Expenditures				\$ 357,133	
Excess Surplus-Current Year				672,479	
Maintenance Reserve				402,000	
Capital Reserve				100,001	
Committed fund Balance:					
Year End Encumbrances				22,924	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures By The BOE				206,712	
Unassigned Fund Balance				306,362	
				<u>2,067,611</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				(57,293)	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,010,318</u>	

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 27,281	(85)	27,196	27,196	
State Sources	40,526	(5,574)	34,952	34,952	
Federal Sources	183,460	35,604	219,064	219,064	
Total Revenues	<u>\$ 251,267</u>	<u>29,945</u>	<u>281,212</u>	<u>281,212</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 70,000	4,473	74,473	74,473	
Salaries of Aides	20,000	4,806	24,806	24,806	
Purchased Professional and Technical Services	37,704	(4,517)	33,187	33,187	
Other Purchased Services	-	425	425	425	
General Supplies	-	2,929	2,929	2,929	
Miscellaneous	2,822	100	100	100	
Textbooks	2,822	(282)	2,540	2,540	
Total Instruction	<u>130,526</u>	<u>7,934</u>	<u>138,460</u>	<u>138,460</u>	<u>-</u>
Support Services:					
Other Salaries for Instruction	70,000	20,892	90,892	90,892	
Personal Services - Employee Benefits	20,000	13,073	33,073	33,073	
Purchased Professional - Educational Services	3,460	12,686	16,146	16,146	
Supplies and Materials	-	1,000	1,000	1,000	
Other Purchased Services	27,281	(25,640)	1,641	1,641	
Total Support Services	<u>120,741</u>	<u>22,011</u>	<u>142,752</u>	<u>142,752</u>	<u>-</u>
Total Expenditures	<u>\$ 251,267</u>	<u>29,945</u>	<u>281,212</u>	<u>281,212</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULE

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 8,640,993	281,212
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		(25,145)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	114,069	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(57,293)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 8,697,769</u>	<u>256,067</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,398,851	281,212
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(25,145)</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,398,851</u>	<u>256,067</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Title I</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>I.D.E.A. Basic Flow-Thru ARRA</u>	<u>Title II A</u>	<u>Municipal Alliance</u>
Revenues:					
State Sources	\$ -				
Federal Sources	66,200	123,074	3,710	26,080	-
Local Sources					27,196
Total Revenues	<u>\$ 66,200</u>	<u>123,074</u>	<u>3,710</u>	<u>26,080</u>	<u>27,196</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 52,740			21,733	24,806
Other Salaries for Instruction					775
Purchased Professional and Technical Services					425
Other Purchased Services					1,090
General Supplies	260	1,579	-		100
Miscellaneous					
Textbooks					
Total Instruction	<u>53,000</u>	<u>1,579</u>	<u>-</u>	<u>21,733</u>	<u>27,196</u>
Support Services:					
Other Salaries for Instruction					
Employee Benefits	10,548	90,892			
Purchased Professional Educational Services	1,652	18,178		4,347	
Other Purchased Services	1,000	10,784	3,710		
Supplies and Materials					
Total Support Services	<u>13,200</u>	<u>121,495</u>	<u>3,710</u>	<u>4,347</u>	<u>-</u>
Total Expenditures	<u>\$ 66,200</u>	<u>123,074</u>	<u>3,710</u>	<u>26,080</u>	<u>27,196</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Compensatory Education</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Total 2011</u>
Revenues:							
State Sources	15,071	5,350	5,905	782	5,304	2,540	34,952
Federal Sources							219,064
Local Sources							27,196
Total Revenues	<u>15,071</u>	<u>5,350</u>	<u>5,905</u>	<u>782</u>	<u>5,304</u>	<u>2,540</u>	<u>281,212</u>
Expenditures:							
Instruction:							
Salaries of Teachers							74,473
Other Salaries for Instruction							24,806
Purchased Professional and Technical Services	15,071	5,350	5,905	782	5,304		33,187
Other Purchased Services							425
General Supplies							2,929
Miscellaneous							100
Textbooks						2,540	2,540
Total Instruction	<u>15,071</u>	<u>5,350</u>	<u>5,905</u>	<u>782</u>	<u>5,304</u>	<u>2,540</u>	<u>138,460</u>
Support Services:							
Other Salaries for Instruction							90,892
Employee Benefits							33,073
Purchased Professional Educational Services							16,146
Other Purchased Services							1,000
Supplies and Materials							1,641
Total Support Services							<u>142,752</u>
Total Expenditures	<u>15,071</u>	<u>5,350</u>	<u>5,905</u>	<u>782</u>	<u>5,304</u>	<u>2,540</u>	<u>281,212</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

HENRY HUDSON REGIONAL SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	<u>Agency</u>		<u>Scholarship Fund</u>	<u>Unemployment</u>	
	<u>Student</u>	<u>Agency</u>	<u>Non-Expendable</u>	<u>Compensation</u>	<u>Total</u>
	<u>Activity</u>	<u>Account</u>	<u>Trust Fund</u>	<u>Expendable</u>	
			<u>Trust Fund</u>	<u>Trust Fund</u>	
Assets:					
Cash and Cash Equivalents	\$ 57,209	51,245	37,759	70,340	216,553
Total Assets	\$ 57,209	51,245	37,759	70,340	216,553
Liabilities:					
Due to Student Groups	\$ 57,209				57,209
Payroll Withholdings & Deductions		51,245			51,245
Total Liabilities	\$ 57,209	51,245			108,454
Net Assets:					
Reserved - Scholarships			37,759		37,759
Reserved - Unemployment Benefits				70,340	70,340
Total Net Assets			37,759	70,340	108,099

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit H-2

EXPENDABLE TRUST FUND

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
Additions			
Local Source:			
Contributions	\$ 24,171	7,535	31,706
Interest on Investments	360	163	523
Total Additions	<u>24,531</u>	<u>7,698</u>	<u>32,229</u>
Deductions			
Scholarship Payments	26,538		26,538
Unemployment Claims		17,990	17,990
Total Deductions	<u>26,538</u>	<u>17,990</u>	<u>44,528</u>
Change in Net Assets	(2,007)	(10,292)	(12,299)
Net Assets, July 1	<u>39,766</u>	<u>80,632</u>	<u>120,398</u>
Net Assets, June 30	<u>\$ 37,759</u>	<u>70,340</u>	<u>108,099</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Activities Account	\$ 50,044	143,952	136,787	57,209

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Assets</u>				
Cash and Cash Equivalents	<u>\$ 23,323</u>	<u>1,993,004</u>	<u>1,965,082</u>	<u>51,245</u>
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	<u>\$ 23,323</u>	<u>1,993,004</u>	<u>1,965,082</u>	<u>51,245</u>

LONG-TERM DEBT – I

HENRY HUDSON REGIONAL SCHOOL DISTRICT

LONG-TERM LIABILITIES

SCHEDULE OF SERIAL BONDS

JUNE 30, 2011

Exhibit I-1

Date of Issue	Original Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011
		Date	Amount				
Additions & Renovations to the High School	\$ 10,340,000	3/1/2012	\$ 325,000	4.125%	\$ 8,525,000	325,000	8,200,000
		3/1/2013	350,000				
		3/1/2014	350,000				
		3/1/2015	375,000				
		3/1/2016	400,000				
		3/1/2017	425,000	4.250%			
		3/1/2018	425,000	4.300%			
		3/1/2019	450,000	4.500%			
		3/1/2020	475,000				
		3/1/2021	500,000				
		3/1/2022	525,000				
		3/1/2023	525,000				
		3/1/2024	550,000				
		3/1/2025	575,000				
		3/1/2026	625,000				
		3/1/2027	650,000				
	3/1/2028	675,000					
					\$ 8,525,000	325,000	8,200,000

HENRY HUDSON REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 702,663		702,663	702,663	
Total Revenues	<u>702,663</u>	<u>-</u>	<u>702,663</u>	<u>702,663</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	377,663		377,663	377,663	
Redemption of Principal	325,000		325,000	325,000	
Total Regular Debt Service	<u>702,663</u>	<u>-</u>	<u>702,663</u>	<u>702,663</u>	<u>-</u>
Total Expenditures	<u>702,663</u>	<u>-</u>	<u>702,663</u>	<u>702,663</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

HENRY HUDSON REGIONAL SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011
Government Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 5,725,550	5,094,131	6,150,690	6,219,123	5,719,963	5,397,716	5,154,140	4,862,476
Restricted	362,777	682,567	593,099	1,091,349	921,095	1,597,140	1,482,371	1,761,250
Unrestricted	(280,022)	823,712	(364,926)	(243,511)	293,794	(22,258)	(1,745,953)	(1,898,444)
Total Government Activities Net Assets	5,808,305	6,600,410	6,378,863	7,066,961	6,934,852	6,972,598	4,890,558	4,725,282
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	11,523	12,159	29,451	34,302	30,322	39,827	48,535	130,693
Unrestricted								48,932
Total Business-Type Activities Net Assets	11,523	12,159	29,451	34,302	30,322	39,827	48,535	179,625
District-wide:								
Invested in Capital Assets, Net of Related Debt	5,725,550	5,094,131	6,150,690	6,219,123	5,719,963	5,397,716	5,154,140	4,993,169
Restricted	362,777	682,567	593,099	1,091,349	921,095	1,597,140	1,482,371	1,761,250
Unrestricted	(268,499)	835,871	(335,475)	(209,209)	324,116	17,569	(1,697,418)	(1,849,512)
Total District Net Assets	\$ 5,819,828	6,612,569	6,408,314	7,101,263	6,965,174	7,012,425	4,939,093	4,904,907

HENRY HUDSON REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
Governmental Activities	\$ 8,124,203	8,062,636	9,247,911	8,954,970	9,873,580	9,615,473	10,116,505	9,445,123
Business-Type Activities	214,624	242,779	251,977	251,959	251,552	244,769	239,153	249,061
Total District Expenses	8,338,827	8,305,415	9,499,888	9,206,929	10,125,132	9,860,242	10,355,658	9,694,184
Program Revenues:								
Governmental Activities	655,180	701,928	676,806	647,873	645,980	286,743	417,758	256,067
Business-Type Activities	209,468	234,649	257,927	249,859	238,432	245,443	240,031	234,089
Total Program Revenues	864,648	936,577	934,733	897,732	884,412	532,186	657,789	490,156
Net (Expense)/Revenue:								
Governmental Activities	(7,469,023)	(7,360,708)	(8,571,105)	(8,307,097)	(9,227,600)	(9,328,730)	(9,698,747)	(9,189,056)
Business-Type Activities	(5,156)	(8,130)	5,950	(2,100)	(13,120)	674	878	(14,972)
Total District-wide Net (Expense)/Revenue	(7,474,179)	(7,368,838)	(8,565,155)	(8,309,197)	(9,240,720)	(9,328,056)	(9,697,869)	(9,204,028)
General Revenues and Other Changes in Net Assets:								
Governmental Activities	7,630,956	8,152,813	8,349,558	8,995,195	9,095,491	9,366,476	9,349,112	9,323,174
Business-Type Activities	5,385	8,766	11,342	6,951	9,140	8,831	7,830	
Total District-wide	7,636,341	8,161,579	8,360,900	9,002,146	9,104,631	9,375,307	9,356,942	9,323,174
Changes in Net Assets:								
Governmental Activities	161,933	792,105	(221,547)	688,098	(132,109)	37,746	(349,635)	134,118
Business-Type Activities	229	636	17,292	4,851	(3,980)	9,505	8,708	(14,972)
Total District	\$ 162,162	792,741	(204,255)	692,949	(136,089)	47,251	(340,927)	119,146

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Reserved	\$ 154,615	339,345	644,362	961,750	1,237,322	1,329,816	1,760,683	1,646,015	1,761,250
Unreserved	559,312	295,037	354,595	105,562	236,736	232,650	150,060	142,643	249,069
Total General Fund	\$ 713,927	634,382	998,957	1,067,312	1,474,058	1,562,466	1,910,743	1,788,658	2,010,319
All Other Governmental Funds:									
Reserved	\$ -	7,612,950	2,138,150						
Unreserved, Reported In:									
Special Revenue Fund	(19,034)	(18,096)	(18,096)	(18,096)	(18,096)	(19,104)			
Capital Projects Fund	13,663,011	1,771,917	610,470	326,535	101,635				
Debt Service Fund	90,192	172,478	183,343	112,270	56,717	22,525	7,361	1	1
Total All Other Governmental Funds	\$ 13,734,169	9,539,249	2,913,867	420,709	140,256	3,421	7,361	1	1

HENRY HUDSON REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy	5,242,227	5,362,781	6,243,856	6,722,299	6,882,164	7,275,250	7,399,103	7,709,224	7,985,531	8,008,592
Transportation Fees				16,513						
Miscellaneous	110,403	205,800	171,672	150,311	161,729	168,294	139,827	104,476	73,111	88,047
State Sources	1,218,418	5,695,593	1,615,166	1,720,751	1,743,272	1,968,553	2,002,915	1,622,227	1,298,029	1,360,209
Federal Sources	200,592	217,434	255,442	244,867	239,199	230,971	199,626	217,292	340,703	199,651
Total Revenues	6,771,640	11,481,608	8,286,136	8,854,741	9,026,364	9,643,068	9,741,471	9,653,219	9,697,374.00	9,656,499
Expenditures:										
Instruction:										
Regular	1,895,648	1,993,347	2,149,751	2,035,110	1,939,372	1,935,793	2,043,890	2,127,849	2,447,173	2,686,969
Special	437,223	443,836	356,143	378,725	425,691	527,261	459,556	575,281	504,193	795,788
Other	252,049	301,640	306,440	403,076	383,378	433,760	456,207	474,199	480,047	442,365
Support Services:										
Tuition	320,108	464,656	430,545	471,434	577,553	509,191	441,629	410,728	492,368	576,839
Health Services	56,673	61,588	60,423	65,009	72,610	79,434	82,322	95,578	99,246	99,246
Student & Instruction Related Services	660,079	738,742	824,989	926,191	921,077	920,156	875,781	909,693	867,072	1,252,459
Educational Media Services	61,186	58,677	59,853	79,601	78,944	91,870	108,284	126,245	215,642	215,642
Instructional Staff Training	8,157	7,100	8,077	3,786	5,763	4,005	4,303	20,490	18,082	18,082
General Administrative Services	326,153	351,217	366,183	344,516	341,641	305,328	368,792	333,240	338,610	300,519
School Administrative Services	116,274	108,243	112,862	41,763	42,610	43,031	56,650	58,928	60,083	224,028
Plant Operations and Maintenance	540,461	520,046	510,215	577,017	725,365	715,566	738,647	746,558	674,034	709,314
Student Transportation Services	534,163	600,705	662,327	663,395	788,535	823,568	868,444	787,885	892,939	882,558
Business and Other Support Services	179,703	192,410	193,747	185,815	195,133	199,712	209,752	217,096	240,000	240,000
Unallocated Employee Benefits	1,015,099	1,341,802	1,505,109	1,611,231	1,839,432	1,956,654	1,944,744	1,714,819	1,876,789	737,902
Debt Service:										
Principal			165,000	250,000	250,000	275,000	275,000	300,000	300,000	325,000
Interest and Other Charges			527,953	445,725	435,413	425,100	413,756	402,413	390,037	377,663
Capital Outlay	227,319	1,100,124	4,321,225	6,700,887	2,428,652	271,346	442,141	-	-	46,177
Total Expenditures	6,630,295	8,282,133	12,560,642	15,173,281	11,451,169	9,516,775	9,789,898	9,301,002	9,896,315	9,357,581
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	141,345	3,199,475	(4,274,506)	(6,318,540)	(2,424,805)	126,293	(48,427)	352,217	(198,941)	298,918
Other Financing Sources/(Uses):										
Accounts Receivable/Encumbrances Cancelled										
Proceeds from Borrowing	10,340,000									
Transfers In	3,200	90,192	112,626	41,553	15,164	15,164	7,360	-	69,496	(77,258)
Transfers Out	(15,000)	(60,942)	(112,626)	(41,552)	(15,164)	(15,164)	(7,360)	-	-	-
Total Other Financing Sources/(Uses)	(11,800)	10,339,250	-	-	1	-	-	-	69,496	(77,258)
Net Change in Fund Balances	129,545	13,538,725	(4,274,506)	(6,318,540)	(2,424,804)	126,293	(48,427)	352,217	(129,445)	221,660
Debt Service as a Percentage of Noncapital Expenditures			8.41%	8.21%	7.60%	7.57%	7.37%	7.55%	6.97%	7.55%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Intermediate</u> <u>Sources</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Prior Year</u> <u>Orders</u> <u>Canceled</u>	<u>Miscellaneous</u>	<u>Totals</u>
2011	\$ 6,529	-	27,196	24,141	-	24,233	88,047
2010	8,961	12,008	20,415	-	-	4,273	45,657
2009	22,780	-	18,829	-	-	33,414	75,023
2008	76,808	-	23,063	83	-	6,179	106,133
2007	100,179	-	17,648	-	-	5,203	123,030
2006	72,031	1,845	-	-	-	1,650	75,526
2005	33,372	-	16,513	-	-	17,245	67,130
2004	7,510	4,590	16,012	-	-	3,366	31,478
2003	11,272	10,534	15,250	-	-	2,072	39,128
2002	20,873	9,682	15,250	-	-	7,186	52,991

Source: District records

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
 (UNAUDITED)

<u>Year Ending</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate</u>
<u>Atlantic Highlands</u>							
2011	10,314,300	551,253,300	54,865,000	3,059,500	11,662,900	632,771,827	1.333
2010	9,920,700	552,850,800	56,896,470	3,077,000	11,662,900	634,407,870	1.302
2009	9,150,600	552,278,800	57,549,350	3,077,000	11,662,900	633,718,650	1.269
2008	9,634,800	552,573,700	56,800,100	3,077,000	11,662,900	633,748,500	1.246
2007	8,673,500	551,795,300	55,898,300	3,077,000	11,617,900	631,062,000	1.200
2006	10,545,800	531,307,100	54,964,600	3,077,000	18,907,900	618,802,400	1.217
2005	9,710,500	527,275,400	54,145,700	3,077,000	16,681,000	610,889,600	1.196
2004	8,776,600	529,454,900	55,727,700	3,606,000	16,681,000	614,246,200	1.129
2003	5,455,600	257,731,300	25,042,200	2,056,100	9,153,900	299,439,100	2.084
2002	5,128,100	257,687,500	24,662,700	2,056,100	9,390,500	298,924,900	1.925
<u>Highlands</u>							
2011	8,537,000	531,161,900	60,490,500	-	7,191,200	542,150,500	2.436
2010	6,305,700	486,247,200	45,943,500	-	5,451,300	543,947,700	1.347
2009	6,137,100	486,093,700	45,560,300	-	5,451,300	543,242,400	1.358
2008	5,921,900	484,785,900	46,916,700	-	4,782,300	542,406,800	1.350
2007	6,532,800	477,469,900	47,140,200	-	4,760,900	535,903,800	1.317
2006	6,458,600	473,432,800	49,156,500	-	4,790,500	533,838,400	1.255
2005	6,848,500	470,561,400	49,373,000	-	4,869,200	531,652,100	1.179
2004	6,650,300	471,823,200	49,475,500	-	4,908,600	532,857,600	1.129
2003	4,568,600	199,896,850	23,831,200	-	1,577,100	229,873,750	2.481
2002	5,783,100	193,732,750	24,718,200	-	1,744,700	225,978,750	2.239

Source: Abstract of Ratables

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Year Ended	Local School	Regional School	Municipal	County	County Open Space	Total
<u>Atlantic Highlands</u>						
2011	\$ 0.720	0.613	0.683	0.343	0.019	2.378
2010	0.711	0.591	0.657	0.341	0.020	2.320
2009	0.687	0.582	0.622	0.350	0.021	2.262
2008	0.677	0.569	0.607	0.339	0.021	2.213
2007	0.654	0.546	0.582	0.358	0.010	2.150
2006	0.634	0.583	0.577	0.345	0.018	2.157
2005	0.613	0.583	0.567	0.336	0.029	2.128
2004	0.572	0.558	0.560	0.315	0.018	2.023
2003	1.005	1.079	1.043	0.613	0.037	3.777
2002	0.945	0.980	0.962	0.595	0.024	3.506
 <u>Highlands</u>						
2011	0.500	0.678	0.921	0.319	0.018	2.436
2010	0.562	0.785	1.068	0.381	0.022	2.818
2009	0.569	0.789	1.052	0.344	0.230	2.984
2008	0.594	0.756	0.974	0.357	0.022	2.703
2007	0.581	0.736	0.912	0.351	0.021	2.601
2006	0.570	0.685	0.907	0.337	0.018	2.517
2005	0.557	0.622	0.863	0.322	0.018	2.382
2004	0.512	0.617	0.815	0.284	0.017	2.245
2003	1.178	1.303	2.025	0.635	0.039	5.180
2002	1.171	1.068	1.679	0.575	0.023	4.516

Source: Abstract of Ratables

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)Atlantic Highlands

	2011			2002		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Elk Harbor View LLC	\$ 6,461,500	1	N/A	\$ N/A	1	0%
Cove Shore Partners	6,189,900	2	N/A	N/A	2	0%
Taxpayer #1	5,004,600	3	N/A	N/A	3	0%
Taxpayer #2	3,371,700	4	N/A	N/A	4	0%
McConnell Realty Co.	2,976,400	5	N/A	N/A	5	0%
Atlantic Pier Co.	2,555,400	6	N/A	N/A	6	0%
West Side Realty Co.	2,538,900	7	N/A	N/A	7	0%
Laurmin Assoc.	1,958,700	8	N/A	N/A	8	0%
Taxpayer #3	1,722,200	9	N/A	N/A	9	0%
Verizon	1,664,015	10	N/A	N/A	10	0%
Total	\$ 34,443,315		N/A	\$ N/A		0%

Highlands

	2011			2002		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Highlands Landing Corp.	\$ N/A	1	N/A	\$ N/A	1	0%
Sandy Hook Developers LLC	N/A	2	N/A	N/A	2	0%
Highlander Development Group	N/A	3	N/A	N/A	3	0%
Bahr's Restaurant, Inc.	N/A	4	N/A	N/A	4	0%
Shore Landing, LLC	N/A	5	N/A	N/A	5	0%
470 Bayside Partners, LLC	N/A	6	N/A	N/A	6	0%
Baker's Marina on the Bay, LLC	N/A	7	N/A	N/A	7	0%
Dan-Rob Property Assoc., LLC	N/A	8	N/A	N/A	8	0%
Taxpayer #1	N/A	9	N/A	N/A	9	0%
Navesink Capital Partners	N/A	10	N/A	N/A	10	0%
Total	\$ N/A		N/A	\$ N/A		0%

N/A Not Available

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
<u>Atlantic Highlands</u>				
2002	\$ 3,750,080	3,750,080	100.00%	-
2003	3,697,745	3,697,745	100.00%	-
2004	3,613,461	3,613,461	100.00%	-
2005	3,453,986	3,453,986	100.00%	-
2006	3,616,289	3,616,289	100.00%	-
2007	3,571,527	3,571,527	100.00%	-
2008	3,434,022	3,434,022	100.00%	-
2009	3,244,982	3,244,982	100.00%	-
2010	2,945,322	2,945,322	100.00%	-
2011	2,898,419	2,898,419	100.00%	-
<u>Highlands</u>				
2002	\$ 4,258,512	4,258,512	100.00%	-
2003	4,287,786	4,287,786	100.00%	-
2004	4,095,763	4,095,763	100.00%	-
2005	3,945,117	3,945,117	100.00%	-
2006	3,658,961	3,658,961	100.00%	-
2007	3,310,637	3,310,637	100.00%	-
2008	3,288,277	3,288,277	100.00%	-
2009	2,998,874	2,998,874	100.00%	-
2010	2,417,459	2,417,459	100.00%	-
2011	2,343,807	2,343,807	100.00%	-

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Bond Anticipation		Business-Type Activities		Total District	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Notes (BANs)	Capital Leases	Capital Leases			
2002	\$ -	-	154,408	-	-	-	154,408	15.84	
2003	10,340,000	-	15,586	-	-	-	10,355,586	1,061.13	
2004	10,175,000	-	8,035	-	-	-	10,183,035	1,049.26	
2005	9,925,000	-	37,196	-	-	-	9,962,196	1,035.25	
2006	9,675,000	-	15,498	-	-	-	9,690,498	1,009.32	
2007	9,400,000	-	-	-	-	-	9,400,000	947.29	
2008	9,125,000	-	-	-	-	-	9,125,000	924.14	
2009	8,825,000	-	-	-	-	-	8,825,000	896.39	
2010	8,525,000	-	-	-	-	-	8,525,000	N/A	
2011	8,200,000	-	-	-	-	-	8,200,000	N/A	

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

N/A Not available at the time of audit

HENRY HUDSON REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$	-		None	None
2003	10,340,000	-	10,340,000	3.45%	1,059.53
2004	10,175,000	-	10,175,000	1.66%	1,048.43
2005	9,925,000	-	9,925,000	1.62%	1,031.38
2006	9,675,000	-	9,675,000	1.56%	1,007.71
2007	9,400,000	-	31,213,156	1.49%	947.29
2008	9,125,000	-	9,125,000	1.44%	924.14
2009	8,825,000	-	8,825,000	1.39%	896.39
2010	8,525,000	-	8,525,000	1.34%	N/A
2011	8,200,000	-	8,200,000	1.30%	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- a See Exhibit NJ J-6 for property tax data.
- b Population data can be found in Exhibit NJ J-14.
- N/A Not available at the time of audit.

HENRY HUDSON REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Atlantic Highlands			\$ N/A
Highlands			N/A
County of Monmouth			N/A
Subtotal, Overlapping Debt			
Henry Hudson Regional School District Direct Debt	8,200,000		
Total Direct and Overlapping Debt	<u>8,200,000</u>		<u>\$ 8,200,000</u>

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2010

	Fiscal Year			
	2002	2003	2004	2005
Debt Limit	\$ 22,777,301			\$ 41,393,222
Total Net Debt Applicable To Limit	<u>9,400,000</u>	<u>25,086,848</u> <u>10,340,000</u>	<u>29,095,775</u> <u>10,175,000</u>	<u>34,518,700</u> <u>9,925,000</u>
Legal Debt Margin	<u>\$ 22,777,301</u>	<u>\$ 14,746,848</u>	<u>\$ 18,920,775</u>	<u>\$ 24,593,700</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.61%	41.22%	34.97%	28.75%
Debt Limit		2007	2008	2010
Total Net Debt Applicable To Limit	\$ 47,938,816	\$ 67,480,891	\$ 57,482,369	\$ 58,649,499
Legal Debt Margin	<u>\$ 38,538,816</u>	<u>\$ 58,355,891</u>	<u>\$ 48,657,369</u>	<u>\$ 50,124,499</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.61%	13.52%	15.35%	14.54%
Legal Debt Margin		2009	2011	
Total Net Debt Applicable To Limit	\$ 47,938,816	\$ 8,825,000	\$ 8,525,000	\$ 58,327,324
Legal Debt Margin	<u>\$ 38,538,816</u>	<u>\$ 58,355,891</u>	<u>\$ 48,657,369</u>	<u>\$ 50,124,499</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.61%	13.52%	15.35%	14.06%

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u>	<u>County Per Capita</u>	<u>Unemployment Rate</u>
Atlantic Highlands			
2001	4,688	43,863	2.6%
2002	4,690	43,387	3.8%
2003	4,686	43,634	3.7%
2004	4,662	46,545	3.1%
2005	4,625	48,072	5.8%
2006	4,614	52,499	5.9%
2007	4,613	55,826	5.3%
2008	4,602	57,353	6.9%
2009	4,594	54,771	11.1%
2010	4,494	N/A	11.3%
Highlands			
2001	5,025	43,863	5.5%
2002	5,058	43,387	7.9%
2003	5,073	43,634	7.9%
2004	5,043	46,545	6.7%
2005	4,998	48,072	5.8%
2006	4,987	52,499	5.9%
2007	5,310	55,826	5.4%
2008	5,272	57,353	6.9%
2009	5,251	54,771	11.2%
2010	5,005	N/A	11.4%

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

BOROUGH OF ATLANTIC HIGHLANDS

Employer	2011			2002		
	<u>Employees</u>	Rank <u>(Optional)</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	Rank <u>(Optional)</u>	Percentage of Total Municipal <u>Employment</u>
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	<u> </u>		<u> </u>	<u> </u>		<u> </u>

BOROUGH OF HIGHLANDS

Employer	2011			2002		
	<u>Employees</u>	Rank <u>(Optional)</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	Rank <u>(Optional)</u>	Percentage of Total Municipal <u>Employment</u>
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	<u> </u>		<u> </u>	<u> </u>		<u> </u>

Information not available at time of CAFR preparation

HENRY HUDSON REGIONAL SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction	32	34	34	35	34	36	35	35	36	38.3
Regular	8	8	8	7	8	8	8	8	8	8.0
Student and Instruction Related Services	22	22	23	26	24	25	23	23	22	16.2
General Administration Services	4	4	4	4	4	3	3	3	3	2.5
School Administrative Services	2	2	2	1	1	1	1	1	2	1.0
Business Administrative Services	3	3	3	3	3	3	3	3	4	2.5
Pupil Transportation	4	5	4	4	4	5	3	4	4	3.0
Total	<u>75</u>	<u>78</u>	<u>78</u>	<u>80</u>	<u>78</u>	<u>81</u>	<u>76</u>	<u>77</u>	<u>79</u>	<u>71.5</u>

Source: District Personnel Records

HENRY HUDSON REGIONAL SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Student Teacher Ratio High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA)	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
2002	435	6,402,976	14,719	-1.02%	1:8	434.6	401.9	-3.33%	92.48%
2003	442	7,182,009	16,249	10.39%	1:10	441.7	411.1	1.63%	93.07%
2004	469	7,546,464	16,091	-0.97%	1:10	469.0	435.0	6.18%	92.75%
2005	455	7,776,669	17,092	6.22%	1:9	454.7	422.8	-3.05%	92.98%
2006	471	8,384,944	17,802	4.16%	1:9	477.6	444.2	5.04%	93.01%
2007	467	8,545,329	18,298	2.79%	1:10	461.0	427.8	-3.48%	92.80%
2008	439	8,659,001	19,724	7.79%	1:9	443.0	414.4	-3.90%	93.54%
2009	438	8,598,589	19,631	-0.47%	1:9	434.2	408.8	-1.99%	94.15%
2010	434	9,206,278	21,213	8.05%	1:9	428.2	403.7	-1.38%	94.28%
2011	402	8,608,741	21,415	0.95%	1:9	392.6	372.9	-8.31%	94.98%

Source: District records

Note: Enrollment based on annual October District count.

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Regional High School										
Square Feet	68,533	68,533	68,533	68,533	94,733	94,733	94,733	94,733	94,733	94,733
Capacity (Students)	435	435	435	435	563	563	563	563	563	563
Enrollment	435	442	469	469	478	467	439	434	428	402

Source: District Records

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	<u>*School Facilities</u>		Henry Hudson Regional High School
	<u>Project # (s)</u>		
2002	N/A	\$	117,982
2003	N/A		62,953
2004	N/A		41,260
2005	N/A		50,538
2006	N/A		94,886
2007	N/A		102,681
2008	N/A		126,996
2009	N/A		187,685
2010	N/A		108,097
2011	N/A		89,400

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

Source: District records

HENRY HUDSON REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2011
(UNAUDITED)

		<u>Coverage</u>	<u>Deductible</u>
Garden State Group:			
Property		\$ 24,085,893	\$ 1,000
	Extra	250,000	
	Inland Marine	481,634	250
Comprehensive General Liability	Occurrence	1,000,000	
	Aggregate	2,000,000	
Employee Benefits Liability	Occurrence	1,000,000	1,000
	Aggregate	2,000,000	
Automobile		1,000,000	350
	Uninsured Motorist	1,000,000	
	Hired & Non-Owned	1,000,000	
Excess Liability		10,000,000	
Board Legal Liability	Occurrence	1,000,000	5,000
	Annual Aggregate	1,000,000	
Boiler & Machinery	Extra	100,000	1,000
Workers Compensation	Professional	5,031,594	
	Nonprofessional	208,726	
Performance Bonds:			
Treasurer		200,000	
Board Secretary/Business Administrator		100,000	
Honesty Blanket Bond		22,500	

Source: District records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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**REPORT ON COMPLIANCE AND 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**

K-1

Honorable President and Members
 of the Board of Education
 Henry Hudson Regional School District
 County of Monmouth
 Highlands, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Henry Hudson Regional School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 30, 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 Henry Hudson Regional 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 Henry Hudson Regional Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Henry Hudson Regional Board of Education'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 function, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henry Hudson Regional Board of Education's general-purpose 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 general-purpose 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 and use of the audit committee, management, the Henry Hudson Regional 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.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 30, 2011

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

IN ACCORDANCE WITH OMB CIRCULAR A-133 AND

NEW JERSEY OMB CIRCULAR 04-04

K-2

Honorable President and Members
 of the Board of Education
 Henry Hudson Regional School District
 County of Monmouth
 Highlands, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Henry Hudson Regional School District, in the County of Monmouth, 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 State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2011. Henry Hudson Regional Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Henry Hudson Regional Board of Education's management. Our responsibility is to express an opinion on the Henry Hudson Regional Board of Education'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 the Henry Hudson Regional Board of Education'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 Henry Hudson Regional Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Henry Hudson Regional School District, in the County of Monmouth, 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.

Internal Control Over Compliance

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

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

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

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

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 30, 2011

HENRY HUDSON REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

K-3

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2011	
			From	To							(Accounts Receivable)	Deferred Revenue
U. S. Department of Agriculture												
Passed Through State Department of Education												
National School Lunch Program	10-555	40,821	7/1/2010	6/30/2011	\$ -	-	38,234	(40,821)	-	(2,587)	-	
National School Lunch Program	10-555	42,206	7/1/2009	6/30/2010	(3,570)	-	3,530	-	-	(1,236)	-	
School Breakfast Program	10-553	14,047	7/1/2010	6/30/2011	(1,377)	-	1,377	(14,047)	-	-	-	
School Breakfast Program	10-553	12,109	7/1/2009	6/30/2010	-	-	2,123	(2,123)	-	-	-	
Food Distribution Program	10-550	2,123	7/1/2010	6/30/2011	(4,907)	-	58,075	(56,991)	-	(3,823)	-	
Total U. S. Department of Agriculture												
U. S. Department of Education												
Passed Through State Department of Education												
Medical Assistance Program-SEMI	93-778	5,732	7/1/2010	6/30/2011	-	-	5,732	(5,732)	-	-	-	
Education Jobs Fund	84-410A	37,850	8/10/2010	9/30/2012	-	-	-	(5,732)	-	-	-	
U. S. Department of Education												
Passed Through State Department of Education												
Title I	84-010	63,505	7/1/2009	6/30/2010	(24,327)	-	24,327	(66,200)	-	(16,072)	-	
Title I	84-010	66,440	7/1/2010	6/30/2011	-	-	50,128	-	-	-	-	
Title II A	84-367	26,711	7/1/2009	6/30/2010	(8,570)	-	8,570	-	-	-	-	
Title II A	84-367	26,080	7/1/2010	6/30/2011	-	-	19,560	(26,080)	-	(6,520)	-	
Title IV	84-186	1,349	7/1/2009	6/30/2010	(413)	-	413	-	-	-	-	
IDEA Part B Basic	84-027	125,613	7/1/2009	6/30/2010	(40,355)	-	40,955	(600)	-	(54,446)	-	
IDEA Part B Basic	84-027	129,443	7/1/2010	6/30/2011	(5,412)	-	68,028	(122,474)	-	(28)	-	
Title I ARRA	84-389	18,945	7/1/2009	6/30/2010	(3,070)	-	6,752	(3,710)	-	(77,066)	-	
IDEA Part B Basic ARRA	84-391	110,595	7/1/2009	6/30/2010	(82,147)	-	224,145	(219,064)	-	(80,889)	-	
Total U. S. Department of Education												
Total Federal Financial Assistance												
S (87,054)												

See Accompanying Notes to Schedules of Financial Assistance

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program State Department of Education:	Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2011		MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
Special Education Aid	11-495-034-5120-089	\$ 236,705	7/1/2010	6/30/2011	-	-	236,705	(236,705)	-	(9,234)	(19,789)	236,705	
Transportation Aid-Non Public	11-100-034-5120-014	9,234	7/1/2010	6/30/2011	(6,712)	-	6,712	(9,234)	-	-	-	9,234	
Transportation Aid-Non Public	10-100-034-5120-014	6,712	7/1/2009	6/30/2010	-	-	6,712	-	-	-	-	176,221	
Transportation Aid	11-495-034-5120-014	176,221	7/1/2010	6/30/2011	-	-	176,221	(176,221)	-	-	(14,736)	176,221	
Adjustment Aid	11-495-034-5120-085	209,392	7/1/2010	6/30/2011	(43,620)	-	209,392	(209,392)	-	(47,128)	(17,497)	209,392	
Extraordinary Aid	11-495-034-5120-044	47,128	7/1/2010	6/30/2011	-	-	47,128	(47,128)	-	-	-	47,128	
Extraordinary Aid	10-495-034-5120-044	43,620	7/1/2009	6/30/2010	-	-	43,620	-	-	-	-	63,037	
Security Aid	10-495-034-5120-084	63,037	7/1/2010	6/30/2011	-	-	63,037	(63,037)	-	(12,165)	(5,271)	63,037	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	11-495-034-5095-002	254,470	7/1/2010	6/30/2011	-	-	254,470	(254,470)	-	-	-	254,470	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	10-495-034-5095-002	273,551	7/1/2009	6/30/2010	(28,007)	-	28,007	(996,187)	-	(68,527)	(57,293)	996,187	
State Department of Agriculture: School Breakfast Program	10-100-010-3350-021	1,299	7/1/2009	6/30/2010	(160)	-	160	-	-	-	-	-	
National School Lunch Program (State Share)	10-100-010-3350-023	1,942	7/1/2009	6/30/2010	(162)	-	162	-	-	-	-	-	
National School Lunch Program (State Share)	11-100-010-3350-023	1,077	7/1/2010	6/30/2011	(322)	-	1,003	(1,077)	-	(74)	-	1,077	
Special Revenue: Nonpublic Aid: Textbook Aid	10-495-034-5120-064	3,320	7/1/2009	6/30/2010	8	-	4,490	(2,540)	(8)	-	-	2,540	
Textbook Aid	11-495-034-5120-064	4,490	7/1/2010	6/30/2011	-	-	5,321	(5,304)	-	-	-	5,304	
Nursing Services	11-100-034-5120-070	5,321	7/1/2010	6/30/2011	32	-	19,256	(15,071)	(32)	-	-	15,071	
Nursing Services	10-100-034-5120-070	3,937	7/1/2009	6/30/2010	-	-	5,905	(5,905)	-	-	-	5,905	
Compensatory Education	11-100-034-5120-067	19,256	7/1/2010	6/30/2011	864	-	1,565	(782)	(864)	-	-	782	
Compensatory Education	10-100-034-5120-067	24,837	7/1/2009	6/30/2010	-	-	5,351	(5,350)	-	-	-	5,350	
Examination and Classification	11-100-034-5120-066	5,905	7/1/2010	6/30/2011	-	-	41,888	(34,952)	(2,381)	-	-	34,952	
Corrective Speech	11-100-034-5120-066	1,565	7/1/2010	6/30/2011	2,381	-	1,049,212	(1,032,216)	-	(68,601)	(57,293)	1,032,216	
Supplemental Instruction	10-100-034-5120-066	7,805	7/1/2009	6/30/2010	-	-	-	-	-	-	-	-	
Supplemental Instruction	11-100-034-5120-066	5,351	7/1/2010	6/30/2011	3,285	-	-	(3,285)	-	-	-	6,936	
Total State Financial Assistance					\$ (75,376)		\$ 1,049,212	\$ (1,032,216)	\$ (3,285)	\$ (68,601)	\$ (57,293)	\$ 1,032,216	

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

HENRY HUDSON SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2011****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Henry Hudson School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and than recorded in the special revenue fund which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose 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*.

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,039,807	34,952	1,077	1,075,836
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	228,674			228,674
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>56,776</u>			<u>56,766</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,325,257	34,952	1,077	1,361,276

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 5,732	219,064	56,991	281,787
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	(25,145)	_____	(25,145)
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ 5,732	193,919	56,991	256,642

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of 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.

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

Financial Statement Section

Unqualified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?

_____ Yes x No

(C) Noncompliance material to general purpose financial statements noted?

_____ Yes x No

HENRY HUDSON REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011*Part 2 - Schedule of Financial Statement Findings*

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: N/A

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

HENRY HUDSON REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

103.

K-7

Prior Audit Findings:

N/A