

SCHOOL DISTRICT

OF

HOPE TOWNSHIP

**Hope Township School District
Board of Education
Hope, Warren County
New Jersey**

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

Comprehensive Annual

Financial Report

of the

Hope Township School District

Board of Education

Hope, New Jersey

For the Fiscal Year Ending June 30, 2011

Prepared by

Hope Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

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HOPE, NJ 07844
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September 6, 2011

Honorable President and
Members of the Board of Education
Hope Township School District
County of Warren, New Jersey

Dear Board Members and Constituents of Hope:

The comprehensive annual financial report of the Hope Township School District for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

- 1) **REPORTING ENTITY AND ITS SERVICES:** Hope Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Hope Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8, and has a sending/receiving relationship with the Belvidere School District and Warren County Technical School for its 9th through 12th grade students. These include regular as well as special education for special needs students. The district completed the 2010-11 fiscal year with an average enrollment of 206 students in our Pre-Kindergarten through 8th Grade program. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment			Percent Change
	Pre- K-8	9-12	Total	
	2010-11	213	81*	
2009-10	212	94*	306	0.1%
2008-09	214	89*	304	0
2007-08	202	101*	303	- 9.0%
2006-07	224	108*	332	+ 4.0%
2005-06	221	98	319	0

- 06-07 thru 09-10 High School Enrollment includes students sent to Warren Tech. These students were not counted in previous year totals.

2) ECONOMIC CONDITION AND OUTLOOK: The Hope Township area has experienced a leveling off in development over the past several years. There has not been any subdivision development. In housing, growth is relatively moderate, consisting of one-family residences. Since there is no substantive expansion of business in Hope Township, there is no material increase in the employment level or tax base (either residential or industrial). This condition is expected to continue which suggests that Hope Township will remain relatively stable. Hope School's enrollment has remained relatively unchanged.

3) MAJOR INITIATIVES: Despite a significant reduction in state aid and unprecedented budget cuts, the Hope Township School continued its focus on the school level objectives for the 2010-2011 school year. Our administration and teachers completed revisions of an updated Language Arts, Math, Social Studies and Science curriculums aligned with the New Jersey Core Curriculum Content Standards (NJCCCS) and Common Core State Standards, and continued development of Grade Level Outcome Assessments (GLOA). The district also continued its attention on the NJCCCS in all other subject areas. This was evidenced in the following areas: classroom observations, teaching plans and curriculum alignment and professional development. Regional district articulation occurred in all subject areas. Articulation between teachers in grade level clusters continued on a weekly basis. The continued subscription and expanded use of web-based curriculum mapping software and associated training enabled our teachers to improve lesson plan development and provide appropriate inventory of the NJCCCS covered throughout the school year.

Student needs were serviced in the areas of Special Education and speech. Our Preschool program was continued in 2010-2011 to serve PSD students and tuition paying general education students from Hope Township. Students continued to be grouped with teachers in clusters. World Language instruction continued weekly for grades K-6 and Spanish instruction occurred daily for grades 7 and 8.

The district continued the identification and service of exceptional students. At risk students were identified by classroom teachers and service plans are developed through an improved Pupil Assistance Committee (PAC). Students eligible for Basic Skills Instruction (BSI) were served in reading, writing, and mathematics. Gifted students are identified through a comprehensive formal process and served in the area of mathematics and language arts by our middle level mathematics teachers through the classroom teachers.

A continued proactive approach by administration, improved parental communication, and the Character Education Program – Social Decision Making and Problem Solving program for grades K-8 contributed to positive results. Other Character Education related programs include: Safety Patrol for grade 6; Youth Forum for Anti-Bullying and Anti Violence for grades 7 & 8.

Students continued to score above the average on Standardized tests. In fact, almost every grade level and tested subject area noted significantly improved scores over 2010. In Kindergarten, a district developed assessment was administered. The NJ PASS was given for grades 1 & 2. The New Jersey Assessment Skills and Knowledge for grades 3, 4, 5, 6 & 8.

Parent and community involvement was fostered via the internet web page, the bi-weekly "Panther Prints" newsletter, Panther Pride Day, Grandparent's Day, and Parent Teacher Association (PTA) functions such as a Book Fair and Family Activity Nights. The active PTA was instrumental in raising funds for assembly programs and transportation to field trips. The community continued to enjoy the extended use of the school's gymnasium for recreation and special functions. The Principal/Director of Curriculum and Instruction initiated and chaired a parent/teacher curriculum committee to review and revise the language arts curriculum.

Other community activities included: the CAP (Child Assault Prevention) program, Curriculum Advisory meetings, a winter 2010 musical performance for senior citizens, Hope Craft Market and community tree lighting, a spring 2011 concert for Hope residents, student art exhibit at a local community bank and; Fire Prevention Day by the Hope Township Fire Department; EMS Week with the Blairstown Ambulance Squad; and parents were invited to the Read Across America Assembly with local community members (BOE and Mayor); and a Spring Hope Township Government Day was sponsored jointly with the Hope Township Municipal Committee. The Mayor also sponsored his 5th annual Book Club and Essay Contest for grade 8 students.

The district continued to follow the Five Year Facilities Plan and maintenance schedule to keep the building in excellent condition and up to date. The district completed updating the computer network and backup server during 2010-11, and smart boards were also purchased and installed. This was accomplished with federal grant funds. The school and community continue to enjoy an exciting and productive learning climate due to the continued efforts of the teaching staff, administration, Board of Education, parents and students. The major initiative of Hope Township School is to continue to provide all students in grades pre-kindergarten through eight with a high quality comprehensive educational program to prepare them for their roles in society. The success of the numerous activities undertaken by the district this year is reflective of this initiative.

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

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

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

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

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB), and in 2010-2011 were inclusive of the new GASB 34 requirements. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements".

7) FINANCIAL INFORMATION: A summary of financial information is presented in the section Management's Disclosure and Analysis For The Fiscal Year Ended June 30, 2011.

8) DEBT ADMINISTRATION: At June 30, 2011, the District's outstanding debt issues included \$1,300,000 of general obligation bonds.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

10) RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, environmental impairment coverage, worker's compensation and fidelity bonds.

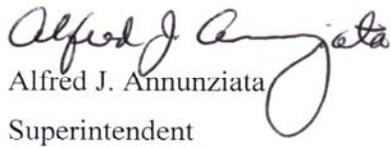
11) OTHER INFORMATION:

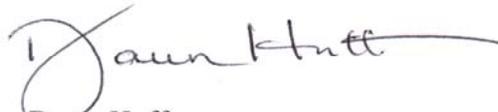
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ardito & Company, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements, and combining and individual fund statements and schedules, are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

13) SERVICE EFFORTS AND ACCOMPLISHMENTS: This year the district replaced the flooring and repainted the walls in the Nurse's Suite and the faculty lounge and copy room areas. The District continues to provide the appropriate replacement and updating of its facility to provide for a safety, security and building efficiency.

Respectfully submitted,

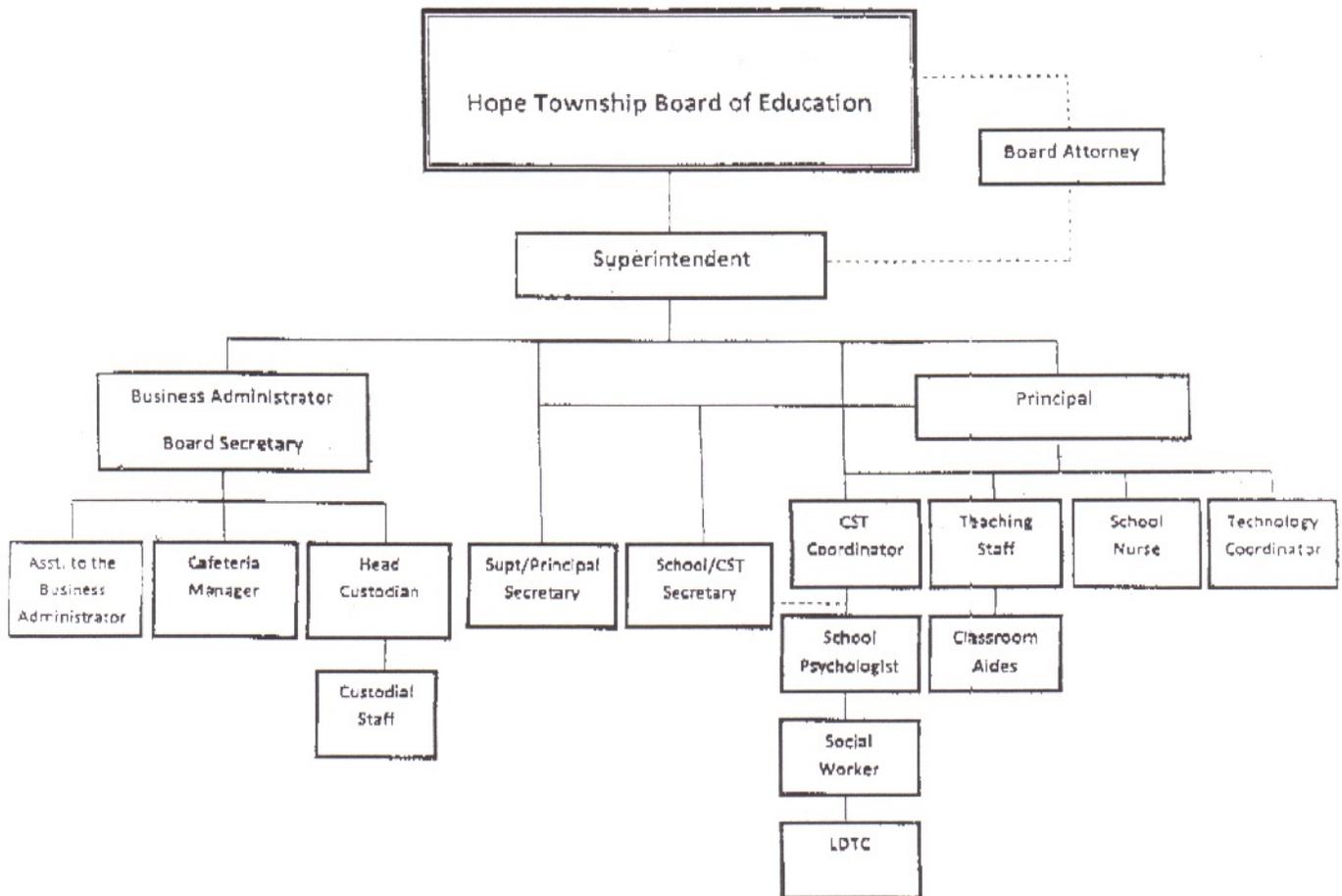

Alfred J. Annunziata
Superintendent


Dawn Huff
School Business Administrator

POLICY

HOPE TOWNSHIP
BOARD OF EDUCATION

ADMINISTRATION
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ORGANIZATIONAL CHART



Adopted: September 28, 1999
Revised: November 23, 2010



**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lorraine Ostrzyzek, <i>President</i>	2012
Sherry Koeppen, <i>Vice-President</i>	2013
John Lucas	2014
Lisa Kahler	2012
Douglas Tighe	2014
Jennifer Wallace	2013
Robert McKenna, Jr.	2014

Other Officials

Alfred J. Annunziata, *Superintendent*

Dawn Huff, *Board Secretary/School Business Administrator*

Lisa J. Craft, *Treasurer (7/1/10-12/31/10)*

Phillip E. Stern, Esquire, *Solicitor*

**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

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Financial Section

Independent Auditor's Report



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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Hope Township School District
County of Warren
Hope, New Jersey 07844

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Hope Township School District in the County of Warren, 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 Hope Township School District 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education in the County of Warren, 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.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2011, on our consideration of the Hope Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 38 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hope Township School District 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 schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is 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.



Licensed Public School Accountant No. 2369
ARDITO & CO., LLP

Date: August 31, 2011

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

The discussion and analysis of Hope Township 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; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets increased \$174,565 which represents a 8 percent increase from 2010.
- ◆ General revenues accounted for \$3,519,987 in revenue or 70.0 percent of all revenues. Program specific revenues in the form of charges for services, operating grants were \$1,506,134 or 30.0 percent of total revenues of \$5,026,121.
- ◆ Total assets of governmental activities increased by \$91,028 as cash and cash equivalents increased by \$274,094 receivables decreased by \$90,000 and capital assets decreased by \$90,194.
- ◆ The School District had \$4,851,566 in expenses; only \$1,506,134 of these expenses were offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$3,519,987 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$4,496,095 in revenues and \$4,288,282 in expenditures. The General Fund's surplus balance increased \$247,361 over 2010, due to transfers of unused capital funding of \$39,548 back to the capital reserve, and across the board budget savings of more than \$200,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hope Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The 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. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Hope Township School District, the General Fund is by far the most significant fund.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011 UNAUDITED

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 2011?" The Statement of Net Assets and the Statement of Activities 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 instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. 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.

HOPE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

**Table 1
Net Assets**

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 613,623	\$ 433,035
Capital Assets	<u>2,982,022</u>	<u>3,072,216</u>
Total Assets	<u>3,595,645</u>	<u>3,505,251</u>
 Liabilities		
Long-Term Liabilities	1,218,218	1,277,863
Other Liabilities	<u>150,571</u>	<u>174,463</u>
Total Liabilities	<u>1,368,789</u>	<u>1,452,326</u>
 Net Assets		
Invested in Capital Assets, Net of Debt	1,682,022	1,730,216
Restricted	459,671	300,047
Unrestricted	<u>163,730</u>	<u>100,595</u>
Total Net Assets	<u>\$ 2,305,423</u>	<u>\$ 2,130,858</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Total assets increased \$91,028. Cash and cash equivalents increased by \$274,094 due to the across the board budget savings of \$219,000, receivables decreased by \$90,000 due to receipts of federal and state grants, and capital assets decreased by \$90,194 due to the net depreciation expense. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$63,135.

Table 2 shows the changes in net assets from fiscal year 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 237,263	\$ 115,466
Federal and State Aid for Capital Asset Projects		67,982
Operating Grants and Contributions	1,268,871	1,376,895
General Revenues:		
Property Taxes	3,493,522	3,409,662
Investment Earnings	5,001	11,349
Other	<u>21,464</u>	<u>10,062</u>
Total Revenues	<u>5,026,121</u>	<u>4,991,416</u>
Program Expenses		
Instruction	1,518,361	1,622,543
Support Services:		
Tuition	1,265,190	1,321,343
Pupils and Instructional Staff	536,992	615,959
General Administration, School Administration, Business	447,491	408,878
Operations and Maintenance of Facilities	417,592	408,262
Pupil Transportation	278,657	248,793
Business-Type Activities	229,768	85,356
Interest and Fiscal Charges	<u>157,505</u>	<u>162,565</u>
Total Expenses	<u>4,851,556</u>	<u>4,873,699</u>
Increase in Net Assets	<u>\$ 174,565</u>	<u>\$ 117,717</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69.5 percent of revenues for governmental activities for the Hope Township School District for the fiscal year 2011.

Instruction comprises 31.3 percent of district expenses. Support services expenses make up 60.7 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Instruction	\$ 1,518,361	\$ 1,010,154	\$ 1,622,543	\$ 1,062,865
Support Services:				
Tuition	1,265,190	920,738	1,321,343	916,821
Pupils and Instructional Staff	536,992	390,966	615,959	447,193
General Administration, School				
Administration, Business	447,491	336,526	408,878	300,833
Operation and Maintenance of Facilities	417,592	314,040	408,262	300,380
Pupil Transportation	278,657	209,558	248,793	183,050
Business-Type Activities	229,768	5,935	85,356	7,631
Interest and Fiscal Charges	<u>157,505</u>	<u>157,505</u>	<u>162,565</u>	<u>162,565</u>
Total Expenses	<u>\$ 4,851,556</u>	<u>\$ 3,345,422</u>	<u>\$ 4,873,699</u>	<u>\$ 3,381,338</u>

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

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

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.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

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.

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with payment of interest and other related charges to debt of the school district and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 66.5 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 64.9 percent. The community, as a whole, is the primary support for the Hope Township School District.

The School District's Funds

Information about the School District's major funds starts on page 10 (Balance Sheet/Exhibit B-1) . These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,797,803 and expenditures of \$4,587,611 The net change in fund balance for the year was most significant in the General Fund, an increase of \$247,361, due to transfers of unused capital funding of \$39,548 back to the capital reserve, and across the board budget savings of more than \$200,000.

General Fund Budgeting Highlights

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

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$4,269,384, \$29,947 over original budgeted estimates of \$4,239,437 This difference was due primarily to unbudgeted extraordinary and non-public transportation aid.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$219,953 again due to transfers of unused capital funding of \$39,548 back to the capital reserve, and across the board budget savings of more than \$200,000.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Capital Assets

At the end of the fiscal year 2011, the School District had \$2,982,022 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2011</u>	<u>2010</u>
Land	\$ 42,000	\$ 42,000
Land Improvements	5,495	7,515
Buildings and Improvements	2,836,755	2,932,306
Machinery and Equipment	<u>97,772</u>	<u>90,395</u>
Totals	<u>\$ 2,982,022</u>	<u>\$ 3,072,216</u>

Overall capital assets decreased \$90,194 from fiscal year 2010 to fiscal year 2011. Increases in capital assets (primarily equipment) were offset by depreciation expenses for the year.

Equipment was purchased during fiscal year 2011 totaling \$27,131.

Debt Administration

At June 30, 2011, the School District had \$1,367,863 as outstanding debt. Of this amount \$25,863 is for compensated absences and the balance of \$1,342,000 is for bonds for school construction.

At June 30, 2011, the School District's overall legal debt margin was \$8,887,208 and the unvoted debt margin was \$7,545,208.

For the Future

The Hope Township School District is in very good financial condition presently. A concern, however, is that future expense increases will put further upward pressure on local property taxes. Future finances will therefore present challenges if the student community continues to grow and state funding does not increase.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

It has been increasingly difficult to balance educational needs with increases in property tax rates. The lack of increase in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. In the past, the District garnered local support of its budget for over 10 years. This problem seems to be statewide and is not exclusive to the Hope Township School District. The Hope Township School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

In conclusion, the Hope Township School District has committed itself to financial excellence for many years, and the School District's systems 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 Dawn Huff, School Business Administrator/Board Secretary at Hope Township School District, P.O. Box 143, Hope, NJ, 07844, or E-mail at dhuff@hope-elem.org.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2011

	GOVERNMENTAL	BUSINESS-TYPE	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$297,455	\$11,534	\$308,989
Receivables from Other Governments	34,633	764	35,397
Inventory		1,658	1,658
Restricted Assets:			
Capital Reserve Account - Cash	267,579		267,579
Emergency Reserve Account - Cash	78,567		78,567
Capital Assets, Net (Note 6):	2,981,185	837	2,982,022
Total Assets	3,659,419	14,793	3,674,212
LIABILITIES			
Accounts Payable	19,545	6,553	26,098
Interfund Payables			
Deferred Revenue		320	320
Accrued Interest	14,153		14,153
Noncurrent Liabilities (Note 7):			
Due Within One Year	110,000		110,000
Due Beyond One Year	1,218,218		1,218,218
Total Liabilities	1,361,916	6,873	1,368,789
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,681,185	837	1,682,022
Restricted for:			
Debt Service Fund	2,379		2,379
Other Purposes	457,292		457,292
Unrestricted	156,647	7,083	163,730
Total Net Assets	\$2,297,503	\$7,920	\$2,305,423

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 1,368,082		\$ 470,941		\$ (897,141)	\$ (897,141)
Special Education	52,016		12,899		(39,117)	(39,117)
Other Special Instruction	98,263		24,367		(73,896)	(73,896)
Support Services:						
Tuition	1,265,190	\$ 30,720	313,732		(920,738)	(920,738)
Student & Instruction Related Services	536,992		146,026		(390,966)	(390,966)
School Administrative Services	125,249		31,058		(94,191)	(94,191)
General and Business Admin. Services	322,242		79,907		(242,335)	(242,335)
Plant Operations and Maintenance	417,592		103,552		(314,040)	(314,040)
Pupil Transportation	278,657		69,099		(209,558)	(209,558)
Interest on Long-Term Debt	49,236				(49,236)	(49,236)
Unallocated Depreciation	108,269				(108,269)	(108,269)
Total Governmental Activities	4,621,788	30,720	1,251,581		(3,339,487)	(3,339,487)
Business-Type Activities:						
Food Service	69,850	46,625	17,290		\$ (5,935)	(5,935)
Shared Services	159,918	159,918				
Total Business-Type Activities	229,768	206,543	17,290		(5,935)	(5,935)
Total Primary Government	\$ 4,851,556	\$ 237,263	\$ 1,268,871		\$ (3,339,487)	\$ (5,935) \$ (3,345,422)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 3,338,754		\$ 3,338,754
Taxes Levied for Debt Service				154,768		154,768
Investment Earnings				4,957	\$ 44	5,001
Miscellaneous Income				17,023	4,441	21,464
Total General Revenues, Special Items, Extraor. Items and Transfers				3,515,502	4,485	3,519,987
Change in Net Assets				176,015	(1,450)	174,565
Net Assets—Beginning				2,121,488	9,370	2,130,858
Net Assets—Ending				\$ 2,297,503	\$ 7,920	\$ 2,305,423

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 641,222	\$ 2,379	\$ 643,601
Receivables from Other Governments	34,633		34,633
TOTAL ASSETS	<u>\$ 675,855</u>	<u>\$ 2,379</u>	<u>\$ 678,234</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 19,545		\$ 19,545
Interfund Payable			-
Deferred Revenue			-
Total Liabilities	<u>19,545</u>	<u>-</u>	<u>19,545</u>
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	267,579		267,579
Emergency Reserve	78,567		78,567
Excess Surplus	61,033		61,033
Excess Surplus - Designated for Subsequent Year's Expenditures	5,595		5,595
<u>Assigned to:</u>			
General Fund-Designated for Subsequent Year's Expend.	44,518		44,518
Debt Service Fund		2,379	2,379
<u>Unassigned:</u>			
General Fund	199,018		199,018
Total Fund Balances	<u>656,310</u>	<u>2,379</u>	<u>658,689</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 675,855</u>	<u>\$ 2,379</u>	<u>\$ 678,234</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 \$4,335,227 and the accumulated depreciation is \$1,354,042. \$ 2,981,185

Accrued Interest on 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 7) (14,153)

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 7) (1,328,218)

Net assets of governmental activities \$ 2,297,503

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-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>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local Tax Levy	\$ 3,338,754			\$ 154,768	\$ 3,493,522
Tuition	30,720				30,720
Interest Earned on Capital Reserve Funds	1,694				1,694
Miscellaneous	17,907			2,379	20,286
Total - Local Sources	3,389,075		-	157,147	3,546,222
State Sources	1,107,020				1,107,020
Federal Sources	-	\$ 144,561			144,561
Total Revenues	4,496,095	144,561	-	157,147	4,797,803
EXPENDITURES					
Current:					
Regular Instruction	941,604	104,563			1,046,167
Special Education Instruction	40,250				40,250
Other Special Instruction	76,036				76,036
Support services and undistributed costs:					
Tuition	1,265,190				1,265,190
Student and Instruction Related Services	402,656	12,867			415,523
School Administrative Services	96,917				96,917
Other Administrative Services	196,119				196,119
Plant Operations and Maintenance	322,395				322,395
Pupil Transportation	278,657				278,657
Unallocated Benefits	616,958				616,958
Transfer to Charter School	41,297				41,297
Debt Service:					
Principal				90,000	90,000
Interest and Other Charges				64,768	64,768
Capital Outlay	10,203	27,131	-		37,334
Total Expenditures	4,288,282	144,561	-	154,768	4,587,611
Excess (Deficiency) of Revenues Over Expenditures	207,813	-	-	2,379	210,192
OTHER FINANCING SOURCES (USES)					
Transfer - Capital Reserve	39,548		(39,548)		-
Total Other Financing Sources and Uses	39,548		(39,548)	-	-
Net Change in Fund Balances	247,361	-	(39,548)	2,379	210,192
Fund Balance—July 1	408,949		39,548		448,497
Fund Balance—June 30	\$ 656,310		-	\$ 2,379	\$ 658,689

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 210,192

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	\$ (116,485)	
	Capital Outlays	<u>27,131</u>	(89,354)

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. 90,000

Bond Refunding proceeds are recorded as a long-term liability in the statement of net assets, but are not recorded in the governmental funds until principal payments are paid. (48,000)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. (2,355)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 15,532

Change in Net Assets of Governmental Activities (A-2) \$ 176,015

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
 PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$11,534	\$11,534
Accounts Receivable	764	764
Inventories	1,658	1,658
Total Current Assets	<u>13,956</u>	<u>13,956</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	4,197	4,197
Less Accumulated Depreciation	(3,360)	(3,360)
Total Noncurrent Assets	<u>837</u>	<u>837</u>
Total Assets	<u>\$14,793</u>	<u>\$14,793</u>
LIABILITIES		
Current liabilities:		
Accounts Payable	\$6,553	\$6,553
Deferred Revenue	320	320
Total Current Liabilities	<u>6,873</u>	<u>6,873</u>
Total Liabilities	<u>6,873</u>	<u>6,873</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	837	837
Unrestricted	7,083	7,083
Total Net Assets	<u>\$7,920</u>	<u>\$7,920</u>

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities- Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable & Non-Reimb.	\$ 46,625		\$ 46,625
Interest Income	44		44
Miscellaneous	4,441	\$ 159,918	164,359
Total Operating Revenues	51,110	159,918	211,028
Operating Expenses:			
Cost of Sales	33,750		33,750
Salaries	18,570	159,918	178,488
Employee Benefits	3,066		3,066
Supplies	6,024		6,024
Other Purchased Professional Services	7,600		7,600
Depreciation	840		840
Total Operating Expenses	69,850	\$ 159,918	229,768
			Operating Income (Loss)
	(18,740)		(18,740)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	755		755
Federal Sources:			
National School Lunch Program	11,757		11,757
Food Distribution Program	4,778		4,778
Total Nonoperating Revenues (Expenses)	17,290		17,290
	(1,450)		(1,450)
Income (Loss) Before Contributions and Transfers			(1,450)
Transfers In (Out)	-		-
Change in Net Assets	(1,450)		(1,450)
Total Net Assets—Beginning	9,370		9,370
Total Net Assets—Ending	\$ 7,920		\$ 7,920

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-Type Activities- Enterprise Funds		
	Food Service	Shared Services	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 46,718	\$ 159,918	\$ 206,636
Payments to Employees	(18,570)	(159,918)	(178,488)
Payments for Employee Benefits	(3,066)		(3,066)
Payments to Suppliers	(39,362)		(39,362)
Net Cash Provided by (used for) Operating Activities	(14,280)		(14,280)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	783		783
Federal Sources	11,971		11,971
Net Cash Provided by (used for) Non-Capital Financing Activities	12,754		12,754
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition of Capital Assets			
Net Cash Provided by (used for) Capital Financing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	(1,526)		(1,526)
Balances—Beginning of Year	13,060		13,060
Balances—End of Year	\$ 11,534	-	\$ 11,534
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (18,740)		\$ (18,740)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation	840		840
Federal Commodities	4,778		4,778
(Increase) Decrease in Inventories	471		471
Increase (Decrease) in Accounts Payable	(1,629)		(1,629)
Total Adjustments	4,460		4,460
Net Cash Provided by (used for) Operating Activities	\$ (14,280)	-	\$ (14,280)

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2011

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 52,208	\$ 8,385
Total Assets	<u>\$ 52,208</u>	<u>\$ 8,385</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 651
Accounts Payable		8
Payable to Student Groups	-	<u>7,726</u>
Total Liabilities	<u>-</u>	<u>\$ 8,385</u>
NET ASSETS		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 52,208</u>	<u> </u>

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 5,381
Total Contributions	<u>5,381</u>
Investment Earnings:	
Interest	448
Net Investment Earnings	<u>448</u>
Total Additions	<u>5,829</u>
DEDUCTIONS	
Unemployment Claims	<u>12,100</u>
Total Deductions	<u>12,100</u>
Change in Net Assets	(6,271)
Net Assets—Beginning of the Year	<u>58,479</u>
Net Assets—End of the Year	<u>\$ 52,208</u>

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

Notes to Financial Statements

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Hope Township 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, and GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2010.

A. Reporting Entity:

The Hope Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Hope Township School District had an approximate enrollment at June 30, 2011, of 203 students.

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental

activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The New Jersey Department of Education (NJDOE) 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 NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 for approval 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, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

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

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS

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%.

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.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2011, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>
Checking	\$ 655,135	\$ 60,593
	<u>\$ 655,135</u>	<u>\$ 60,593</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$715,728 and the bank balance was \$919,552. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$500,000 was covered by federal depository insurances and \$419,552 was covered by collateral pool.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3: RECEIVABLES

Receivables at June 30, 2011, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$34,633	\$34,683
Federal Aid	-	714
Gross Receivable	<u>34,633</u>	<u>35,397</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$34,633</u></u>	<u><u>\$35,397</u></u>

NOTE 4: INVENTORY

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

Food	\$1,359
Supplies	<u>299</u>
	<u><u>\$1,658</u></u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) 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 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 42,000			\$ 42,000
Total Capital Assets Not Being Depreciated	42,000			42,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	40,400			40,400
Buildings and Building Improvements	3,975,585			3,975,585
Machinery and Equipment	250,111	\$ 27,131		277,242
Total at Historical Cost	4,266,096	27,131		4,293,227
Less Accumulated Depreciation for:				
Land Improvements	(32,885)	(2,020)		(34,905)
Building and Improvements	(1,043,279)	(95,551)		(1,138,830)
Equipment	(161,393)	(18,914)		(180,307)
Total Accumulated Depreciation	(1,237,557)	(116,485)		(1,354,042)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	3,028,539	(89,354)		2,939,185
Government Activity Capital Assets, Net	\$ 3,070,539	\$ (89,354)		\$ 2,981,185

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,248
Support/Admin.	5,231
Maintenance/Custodial	737
Unallocated	108,269
Total	<u>\$ 116,485</u>

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 7: LONG-TERM OBLIGATIONS

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 general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Balance			Balance	Amounts
	<u>7/1/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/11</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$1,342,000	\$48,000	(\$90,000)	\$1,300,000	\$110,000
Other Liabilities:					
Compensated Absences Payable	25,863	\$2,355		28,218	
Total	<u>\$1,367,863</u>	<u>\$50,355</u>	<u>(\$90,000)</u>	<u>\$1,328,218</u>	<u>\$110,000</u>

Compensated absences and capital leases have ben liquidated in the General Fund.

On March 3, 2011, the district advance refunded \$1,252,000 of their series 2001 bonds. Refunding bonds were issued on March 3, 2011 through a private sale in the amount of \$1,300,000. The registered owner of the bonds is First Hope Bank.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2011, it is not necessary for the Board to establish a liability for arbitrage

	Government Activities			
	Issue	Interest	Date of	Balance
	<u>Dates</u>	<u>Rates</u>	<u>Maturity</u>	<u>6/30/11</u>
School Refunding Bonds	3/11/11	3.3%	1/15/21	\$ 1,300,000
Total Bonds				<u>\$ 1,300,000</u>

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2011, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,000	\$ 37,418	\$ 147,418
2013	110,000	39,270	149,270
2014	115,000	35,640	150,640
2015	125,000	31,845	156,845
2016	130,000	27,720	157,720
Thereafter	710,000	71,775	781,775
	<u>\$ 1,300,000</u>	<u>\$ 243,668</u>	<u>\$ 1,543,668</u>

As of June 30, 2011, the District had no authorized but not issued bonds.

NOTE 8: OPERATING LEASES

The District has commitments to lease copiers under operating leases. Total operating lease payments made during the year ended June 30, 2011, were \$5,311. The following is a schedule of the future minimum lease payments under the lease, at June 30, 2011:

<u>Year Ended</u>	<u>Amount</u>
06/30/12	\$ 5,311
Total Minimum Lease Payments	<u>\$ 5,311</u>

There are provisions for purchase on all leases at termination of leases.

NOTE 9: 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 Teachers' 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.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9: PENSION PLANS (Continued)

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.

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:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement

after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 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, 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.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9: PENSION PLANS (Continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

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>
6/30/2011	\$48,410	100 %	-0-
6/30/2010	\$36,594	100	-0-
6/30/2009	\$26,483	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>
6/30/2011	-0-	100 %	-0-
6/30/2010	-0-	100	-0-
6/30/2009	-0-	100	-0-

During the fiscal year ended June 30, 2011, the State of New Jersey did contribute \$93,831 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$105,472 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. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10: POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who 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.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

NOTE 11: 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:

Lincoln National
Phoenix
EquiVest
VALIC

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12: COMPENSATED ABSENCES

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

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

In the district-wide *Statement of 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 of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the proprietary fund types.

NOTE 13: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	448	\$5,381	\$12,100	\$52,208
2009-2010	\$846	\$5,686	\$2,549	\$58,479
2008-2009	\$2,122	\$3,888	\$61	\$54,496

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NOTE 15: FUND BALANCE APPROPRIATED

General Fund (Exhibit B) - Of the \$656,310 General Fund fund balance at June 30, 2011, \$267,579 has been reserved in the Capital Reserve Account; \$78,567 has been reserved in the Emergency Reserve Account in accordance with P.L. 2007 c.62; \$66,628 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$5,595 of this amount has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$44,518 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and, \$199,018 is unreserved and undesignated.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hope Township School District Board of Education by inclusion of \$1. on August 31, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also 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. 6A:23-2.13(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	\$ 116,971
Interest Earnings	1,060
Deposits: June Board resolution 6/30/11	110,000
Return unused local share of capital project to capital reserve	<u>39,548</u>
Ending Balance, June 30, 2011	<u>\$ 267,579</u>

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the School District Board of Education in fiscal year 2008, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2010	\$ 77,933
Interest earnings	634
Deposits (PL 2007 c.62 (A1))	-
Ending balance June 30, 2011	<u>\$ 78,567</u>

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$61,033.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,338,754		\$ 3,338,754	\$ 3,338,754	
Tuition	26,400		26,400	30,720	\$ 4,320
Interest Earned on Capital Reserve Funds	2,000		2,000	1,694	(306)
Miscellaneous	21,500		21,500	17,907	(3,593)
Total - Local Sources	<u>3,388,654</u>		<u>3,388,654</u>	<u>3,389,075</u>	<u>421</u>
State Sources:					
Equalization Aid	680,412		680,412	680,412	
Transportation Aid	2,735		2,735	2,735	
Special Education Aid	145,710		145,710	145,710	
Security Aid	21,926		21,926	21,926	
Extraordinary Aid				23,517	23,517
Non-Public Transportations Aid				6,009	6,009
TPAF Pension (On-Behalf - Non-Budgeted)				93,831	93,831
TPAF Social Security (Reimbursed - Non-Budgeted)				105,472	105,472
Total State Sources	<u>850,783</u>		<u>850,783</u>	<u>1,079,612</u>	<u>228,829</u>
Federal Sources:					
Job Education Grant		35,765	35,765		(35,765)
Total Federal Sources		<u>35,765</u>	<u>35,765</u>		<u>(35,765)</u>
TOTAL REVENUES	<u>4,239,437</u>	<u>35,765</u>	<u>4,275,202</u>	<u>4,468,687</u>	<u>193,485</u>

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	27,749		27,749	24,733	3,016
Other Salaries for Instruction	17,715	(5,000)	12,715	10,086	2,629
Kindergarten - Salaries of Teachers	48,995		48,995	48,995	
Other Salaries for Instruction	15,422	(3,000)	12,422	12,310	112
Grades 1-5 - Salaries of Teachers	423,076	18,798	441,874	400,055	41,819
Grades 6-8 - Salaries of Teachers	384,115	(12,802)	371,313	354,386	16,927
Regular Programs - Home Instruction					
Salaries of Teachers	500		500		500
Regular Programs - Undistributed Instruction:					
Rentals and Lease Purchases	9,616	(3,143)	6,473	6,473	
Other Purchased Services (400-500 series)	18,690	4,041	22,731	22,731	
General Supplies	27,000	28,540	55,540	55,411	129
Textbooks	3,000	3,511	6,511	6,424	87
Other Objects	300		300		300
TOTAL REGULAR PROGRAMS - INSTRUCTION	976,178	30,945	1,007,123	941,604	65,519

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	38,451	1,799	40,250	40,250	
General Supplies	1,500		1,500		1,500
Total Resource Room/Resource Center	39,951	1,799	41,750	40,250	1,500
<hr/>					
TOTAL SPECIAL EDUCATION - INSTRUCTION	39,951	1,799	41,750	40,250	1,500
<hr/>					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	95,971	(18,353)	77,618	57,825	19,793
General Supplies	500		500	306	194
Total Basic Skills/Remedial - Instruction	96,471	(18,353)	78,118	58,131	19,987
<hr/>					
School Sponsored Co/Extra Curricular Activities:					
Salaries of Teachers	17,388		17,388	17,388	
Purchased Services (300-500 series)	500		500	413	87
Supplies and Materials	500		500	104	396
Total School Sponsored Cocurricular Activities	18,388		18,388	17,905	483
<hr/>					
TOTAL INSTRUCTION	1,130,988	14,391	1,145,379	1,057,890	87,489
<hr/>					
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	902,800	34,160	936,960	936,960	
Tuition to Other LEAs Within the State-Special	256,246	(42,556)	213,690	213,690	
Tuition to County Vocational School District - Regular	14,712	7,038	21,750	17,400	4,350
Tuition to County Vocational School District - Special	3,250		3,250	2,600	650
Tuition to CSSD and Reg. Day Schools		44,048	44,048	35,740	8,308
Tuition to Private Schools for the Disabled-Within State	62,502	(3,702)	58,800	58,800	
Total Instruction	1,239,510	38,988	1,278,498	1,265,190	13,308

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
Health Services:					
Salaries	61,250	131	61,381	61,381	
Purchased Professional and Technical Services	1,700	55	1,755	1,755	
Other Purchased Services (400-500 series)	2,000	(50)	1,950	1,480	470
Supplies and Materials	1,400	2,822	4,222	3,912	310
Total Health Services	66,350	2,958	69,308	68,528	780
Other Supp. Services Students-Related Services:					
Salaries	61,580	55	61,635	61,635	
Purchased Professional - Educational Services	3,000	(1,678)	1,322	1,322	
Supplies and Materials	500	45	545	545	
Total Other Supp. Services Students-Related Services	65,080	(1,578)	63,502	63,502	
Other Supp. Services Students-Extra. Services:					
Salaries	90,149	(22)	90,127	77,955	12,172
Purchased Professional and Educational Services	68,700	(5,771)	62,929	33,949	28,980
Total Other Supp. Services Students-Extra. Services	158,849	(5,793)	153,056	111,904	41,152
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	4,778		4,778	4,685	93
Other Purchased Professional - Technical Services	1,500		1,500	929	571
Supplies and Materials	1,500		1,500	613	887
Total Other Supp. Services Students-Regular:	7,778		7,778	6,227	1,551
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	74,402	3,367	77,769	75,219	2,550
Salaries of Secretarial and Clerical Assistants	45,412	(3,000)	42,412	41,623	789
Purchased Professional and Educational Services	2,500	5,616	8,116	7,429	687
Supplies and Materials	1,800	(1,451)	349		349
Total Other Supp. Services Students-Special	124,114	4,532	128,646	124,271	4,375
Improvement of Instruction:					
Salaries of Secretarial and Clerical Assistants	6,678	(1,868)	4,810	4,810	
Total Improvement of Instruction	6,678	(1,868)	4,810	4,810	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
Educational Media Services/School Library:					
Supplies and Materials	10,000	10,563	20,563	20,563	
Total Educational Media Services/School Library	10,000	10,563	20,563	20,563	
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	1,750	1,101	2,851	2,851	
Total Instructional Staff Training Services	1,750	1,101	2,851	2,851	
Supp. Services - General Administration:					
Salaries	83,326	(2,695)	80,631	76,571	4,060
Legal Services	5,000		5,000	1,431	3,569
Audit Fees	9,900	347	10,247	10,247	
Architect/Engineer	1,000	12,300	13,300	13,300	
Other Purchased Professional Services	2,400	924	3,324	3,324	
Communications/Telephone	2,350	(1,135)	1,215	1,215	
BOE Other Purchased Services	2,700	1,230	3,930	3,930	
Other Purchased Services (400-500 series)	10,750	3,405	14,155	12,810	1,345
General Supplies	1,900	(817)	1,083	870	213
Miscellaneous Expenditures	7,500	(1,000)	6,500	6,113	387
Total Supp. Services - General Administration	126,826	12,559	139,385	129,811	9,574
Support Services - School Admin:					
Salaries of Principals/Assistant Principals	84,375	5,967	90,342	85,979	4,363
Salaries of Secretarial and Clerical Assistants	6,078	3,298	9,376	9,376	
Supplies and Materials	750		750	557	193
Other Objects	1,500		1,500	1,005	495
Total Support Services - School Admin	92,703	9,265	101,968	96,917	5,051
Central Services:					
Salaries	62,686	6,153	68,839	58,779	10,060
Purchased Professional Services	5,000	847	5,847	5,847	
Other Purchased Services (400-500 series)	1,100		1,100	1,097	3
Supplies and Materials	1,000		1,000	181	819
Miscellaneous Expenditures	1,400		1,400	404	996
Total Central Services	71,186	7,000	78,186	66,308	11,878

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	22,711	860	23,571	23,561	10
Cleaning, Repair and Maintenance Services	26,800	385	27,185	27,185	
Supplies and Materials	4,000	2,599	6,599	6,599	
Total Required Maintenance for School Facilities	53,511	3,844	57,355	57,345	10
Other Operations and Maintenance of Plant:					
Salaries	108,661	1,301	109,962	109,962	
Salaries of Non-Instructional Aides	9,758	3,575	13,333	12,717	616
Cleaning, Repair and Maintenance Services	14,900	6,752	21,652	21,652	
Insurance	15,500	(2,000)	13,500	12,666	834
General Supplies	8,500	2,803	11,303	11,303	
Energy (Electricity)	57,000	(8,035)	48,965	48,009	956
Energy (Oil)	35,000	4,069	39,069	39,069	
Other Objects	1,800	1,220	3,020	3,020	
Total Other Operations and Maintenance of Plant	251,119	9,685	260,804	258,398	2,406
Care and Upkeep of Grounds:					
Salaries	9,970		9,970	6,652	3,318
Total Care and Upkeep of Grounds	9,970		9,970	6,652	3,318
Student Transportation Services					
Salaries for Pupil Transp.(Bet.Home and School)-Regular	15,256		15,256	14,828	
Contract Services-Aid in Lieu Payments-Nonpublic Sch.	17,680	(1,542)	16,138	13,260	
Contract Services-Aid in Lieu Payments-Charter Sch.Stud.	1,768	702	2,470	2,470	
Contracted Services (Between Home and School)-Vendors	158,243	64,152	222,395	212,922	9,473
Contract.Serv.(Other than Bet. Home and School)-Vendors		3,188	3,188	3,188	
Contracted Services (Special Ed. Students)-Joint Agrmts.	124,353	(87,216)	37,137	31,989	5,148
Total Student Transportation Services	317,300	(20,716)	296,584	278,657	17,927

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Social Security Contributions	39,000		39,000	34,273	4,727
Other Retirement Contributions-Regular	37,000	11,410	48,410	48,410	
Unemployment Compensation					
Workmen's Compensation	23,500		23,500	18,211	5,289
Health Benefits	403,475	(61,057)	342,418	312,221	30,197
Tuition Reimbursement	4,731		4,731		4,731
Other Employee Benefits	5,000		5,000	4,540	460
TOTAL UNALLOCATED BENEFITS	512,706	(49,647)	463,059	417,655	45,404
On-behalf TPAF pension Contrib. (non-budgeted)				93,831	(93,831)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				105,472	(105,472)
TOTAL ON-BEHALF CONTRIBUTIONS				199,303	(199,303)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	512,706	(49,647)	463,059	616,958	(153,899)
TOTAL UNDISTRIBUTED EXPENDITURES	3,115,430	20,893	3,136,323	3,178,892	(42,569)
TOTAL GENERAL CURRENT EXPENSE	4,246,418	35,284	4,281,702	4,236,782	44,920
Transfer of Funds to Charter Schools	40,816	481	41,297	41,297	
Facilities Acquisition and Construction Services					
Other Objects	10,203		10,203	10,203	
Total Facilities Acquisition and Construction Services	10,203		10,203	10,203	
TOTAL CAPITAL OUTLAY	10,203		10,203	10,203	
TOTAL EXPENDITURES	4,297,437	35,765	4,333,202	4,288,282	44,920
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(58,000)		(58,000)	180,405	238,405

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Financing Sources (Uses):					
Operating Transfer Out:					
Transfer from Capital Projects-Capital Reserve				39,548	39,548
Total Transfer Out				39,548	39,548
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)					
	(58,000)		(58,000)	219,953	277,953
Fund Balance, July 1	516,865		516,865	516,865	
Fund Balance, June 30	\$ 458,865	-	\$ 458,865	\$ 736,818	\$ 277,953

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 267,579	
Emergency Reserve				78,567	
Excess Surplus				61,033	
Excess Surplus - Designated for Subsequent Year's Expenditures				5,595	
Assigned to:					
Designated for Subsequent Year's Expenditures				44,518	
Unassigned:					
Unrestricted Fund Balance				<u>279,526</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				736,818	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(80,508)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 656,310</u>	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1b

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND-EDUCATION JOBS GRANT
 Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Education Jobs Grant		\$ 35,765	\$ 35,765		\$ (35,765)
Total Federal Sources		35,765	35,765		(35,765)
TOTAL REVENUES		\$ 35,765	\$ 35,765	-	\$ (35,765)
EXPENDITURES:					
Current Expense:					
Salaries of Teachers Grades 1-5		\$ 35,765	\$ 35,765		\$ 35,765
Total Education Jobs		35,765	35,765		35,765
TOTAL EXPENDITURES		\$ 35,765	\$ 35,765	-	\$ 35,765
Excess (Deficiency) of Revenues Over (Under) Expenditures					

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Federal Sources	\$ 128,018	\$ 16,543	\$ 144,561	\$ 144,561	-
Total Revenues	128,018	16,543	144,561	144,561	-
EXPENDITURES:					
Instruction					
Other Salaries for Instruction		2,227	2,227	2,227	
Tuition	96,018	4,498	100,516	100,516	
Supplies & Materials	3,000	(1,180)	1,820	1,820	
Total Instruction	99,018	5,545	104,563	104,563	-
Support Services					
Purchased Educational Services		9,850	9,850	9,850	
Other Purchased Professional Services	4,000	(1,613)	2,387	2,387	
Supplies and Materials		630	630	630	
Total Support Services	4,000	8,867	12,867	12,867	-
Facilities Acq. and Const. Services:					
Instructional Equipment	25,000	2,131	27,131	27,131	
Total Facilities Acq. and Construction Services	25,000	2,131	27,131	27,131	-
Total Expenditures	128,018	16,543	144,561	144,561	-
Total Outflows	\$ 128,018	\$ 16,543	\$ 144,561	\$ 144,561	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				None	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				None	
Fund Balance per Governmental Funds(GAAP Basis)				None	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2011

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 4,468,687	\$ 144,561
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	107,916	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(80,508)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 4,496,095</u>	<u>\$ 144,561</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 4,288,282	\$ 144,561
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	N/A	N/A
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 4,288,282</u>	<u>\$ 144,561</u>

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HOPE TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2011

	Title I	Title II Part A	Title II Part D	IDEA Basic	IDEA Preschool	ARRA IDEA Basic	REAP	Totals
REVENUES								
Federal Sources	\$ 6,916	\$ 7,756	\$ 15	\$ 69,498	\$ 2,227	\$ 31,018	\$ 27,131	\$ 144,561
TOTAL REVENUES	6,916	7,756	15	69,498	2,227	31,018	27,131	144,561
EXPENDITURES:								
Instruction:								
Other Salaries for Instruction					2,227			2,227
Tuition				69,498		31,018		100,516
Supplies and Materials	1,820							1,820
Total Instruction	1,820	-	-	69,498	2,227	31,018	-	104,563
Support Services:								
Purchased Educational Services	3,458	6,392						9,850
Other Purchased Professional Serv.	1,023	1,364						2,387
Supplies and Materials	615		15					630
Total Support Services	5,096	7,756	15	-	-	-	-	12,867
Facilities Acq. and Const. Services:								
Instructional Equipment							27,131	27,131
Total Facilities Acq. and Const. Svs							27,131	27,131
TOTAL EXPENDITURES	\$ 6,916	\$ 7,756	\$ 15	\$ 69,498	\$ 2,227	\$ 31,018	\$ 27,131	\$ 144,561
Total Outflows	\$ 6,916	\$ 7,756	\$ 15	\$ 69,498	\$ 2,227	\$ 31,018	\$ 27,131	\$ 144,561
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)								

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2011

<u>Project Description</u>	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2011</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	
Window Replacement Project	7/31/09					
- State Share		\$ 67,982	\$ 67,982	\$ 67,982		
- Board of Education		123,866	84,318	123,866	\$ (39,548)	\$ -
Totals		<u>\$ 191,848</u>	<u>\$ 152,300</u>	<u>191,848</u>	<u>\$ (39,548)</u>	<u>\$ -</u>

Fund Balance, June 30, 2011 \$ -

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2011

Revenues and Other Financing

Sources

Transfer from capital reserve	\$ (39,548)
Total Revenues	<u>(39,548)</u>
Excess(deficiency) of revenues over(under) expenditures	(39,548)
Fund Balance - Beginning	<u>39,548</u>
Fund Balance - Ending	<u><u>-</u></u>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
WINDOW REPLACEMENT PROJECT**

From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	67982		\$ 67,982	\$ 67,982
Transfer from capital reserve	\$ 123,866	(39,548)	84,318	84,318
Total Revenues	<u>191,848</u>	<u>(39,548)</u>	<u>152,300</u>	<u>152,300</u>
Expenditures and Other Financing Sources				
Construction Services	\$ 152,300		\$ 152,300	\$ 152,300
Total Expenditures	<u>152,300</u>	<u>-</u>	<u>152,300</u>	<u>152,300</u>
Excess(deficiency) of revenues over(under) expenditures			<u>\$ -</u>	

Project Fund Balance, 6/30/11 \$ -

Additional project information:

Project Number	SP#2250-050-09-1001 (OZJW)
Grant Date	7/31/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$206,443
Additional Authorized Cost	-\$54,143
Revised Authorized Cost	\$152,300
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/2009
Revised Target Completion Date	12/31/2009

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$52,208	\$7,726	\$659	\$60,593
TOTAL ASSETS	<u>\$52,208</u>	<u>\$7,726</u>	<u>\$659</u>	<u>\$60,593</u>
LIABILITIES:				
Liabilities:				
Payroll Deductions and Withholdings			\$651	\$651
Accounts Payable			8	8
Payable to Student Groups		\$7,726		7,726
Total Liabilities		<u>7,726</u>	<u>659</u>	<u>8,385</u>
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$52,208</u>			<u>52,208</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$52,208</u>	<u>\$7,726</u>	<u>\$659</u>	<u>\$60,593</u>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2011

	UNEMPLOYMENT COMPENSATION INSURANCE	
	<u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 5,381	\$ 5,381
Total Contributions	<u>5,381</u>	<u>5,381</u>
Investment Earnings:		
Interest	448	448
Net Investment Earnings	<u>448</u>	<u>448</u>
Total Additions	<u>5,829</u>	<u>5,829</u>
DEDUCTIONS		
Unemployment Claims/Quarterly Remittance	<u>12,100</u>	<u>12,100</u>
Total Deductions	<u>12,100</u>	<u>12,100</u>
Change in Net Assets	(6,271)	(6,271)
Net Assets—Beginning of the Year	<u>58,479</u>	<u>58,479</u>
Net Assets—End of the Year	<u>\$ 52,208</u>	<u>\$ 52,208</u>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

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

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2010</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2011</u>
Yearbook	\$ 894		\$ 3,771	\$ 3,727	\$ 938
Eighth Grade	1,647		19,191	19,891	947
Student Government	3,048		784	772	3,060
National Junior Honor Society	1,413		638	897	1,154
Class Trips	63		1,145	1,145	63
Sign Fund	70			-	70
General	1,396		2,317	2,298	1,415
AE	79			-	79
	\$ 8,610		\$ 27,846	\$ 28,730	\$ 7,726

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

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

	BALANCE				BALANCE	
	<u>July 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>		<u>June 30, 2011</u>	
ASSETS:						
Cash and Cash Equivalents	\$ 49	\$ 2,024,522	\$ 2,023,912	\$	659	
Total Assets	<u>\$ 49</u>	<u>\$ 2,024,522</u>	<u>\$ 2,023,912</u>	<u>\$</u>	<u>659</u>	
LIABILITIES:						
Salaries and Wages		\$ 1,238,052	\$ 1,238,052			
Payroll Deductions and Withholdings	\$ 49	786,462	785,860	\$	651	
Accounts Payable		8			8	
Total Liabilities	<u>\$ 49</u>	<u>\$ 2,024,522</u>	<u>\$ 2,023,912</u>	<u>\$</u>	<u>659</u>	

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

HOPE TOWNSHIP SCHOOL DISTRICT
**SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Exhibit I-1

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2010</u>	<u>RETIRED</u>	<u>REFUNDED</u>	<u>BALANCE June 30, 2011</u>
School Renovation and Expansion Project	4/1/01	\$ 1,952,000	1/15/11	\$90,000	4.40% to 4.90%	\$ 1,342,000	\$ (90,000)	\$ (1,252,000)	
Refunding Bonds - Series 2011	3/3/11	\$ 1,300,000	1/15/12	\$110,000	3.30%			\$ 1,300,000	\$ 1,300,000
			1/15/13	110,000	3.30%				
			1/15/14	115,000	3.30%				
			1/15/15	125,000	3.30%				
			1/15/16	130,000	3.30%				
			1/15/17	135,000	3.30%				
			1/15/18	135,000	3.30%				
			1/15/19	140,000	3.30%				
			1/15/20	150,000	3.30%				
			1/15/21	150,000	3.30%				
Total						\$ 1,342,000	\$ (90,000)	\$ 48,000	\$ 1,300,000

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

Exhibit I-3

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 Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Miscellaneous Revenue				\$ 2,379	
Local Tax Levy	\$ 154,768		\$ 154,768	154,768	
TOTAL REVENUES	\$ 154,768		\$ 154,768	\$ 157,147	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 64,768		\$ 64,768	\$ 64,768	
Redemption of Principal	90,000		90,000	90,000	
Total Regular Debt Service	154,768		154,768	154,768	
TOTAL EXPENDITURES	\$ 154,768		\$ 154,768	\$ 154,768	
Fund Balance, July 1					
Fund Balance, June 30				\$ 2,379	
Recapitulation of Excess (Deficiency) of					
<u>Revenues Over (Under) Expenditures</u>					
Budgeted Fund Balance					

Hope Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	60-65
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	66-69
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	70-73
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	74-75
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	76-80

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**Hope Township School District
Net Assets by Component,
Last Nine Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities	N/A								
Invested in capital assets, net of related debt		\$ 1,466,953	\$ 1,479,722	\$ 1,571,799	\$ 1,539,612	\$ 1,536,682	\$ 1,559,319	\$ 1,728,539	\$ 1,681,185
Restricted		226,691	114,945	159,685	466,939	239,290	342,346	300,047	459,671
Unrestricted		(5,751)	71,474	(32,634)	(85,256)	146,579	100,608	92,902	156,647
Total governmental activities net assets	-	\$ 1,687,893	\$ 1,666,141	\$ 1,698,850	\$ 1,921,295	\$ 1,922,551	\$ 2,002,273	\$ 2,121,488	\$ 2,297,503
Business-type activities									
Invested in capital assets, net of related debt						\$ 3,357	\$ 2,517	\$ 1,677	\$ 837
Restricted									-
Unrestricted		\$ 2,654	\$ 3,599	\$ 6,999	\$ 15,563	\$ 8,575	\$ 8,351	\$ 7,693	7,083
Total business-type activities net assets	-	\$ 2,654	\$ 3,599	\$ 6,999	\$ 15,563	\$ 11,932	\$ 10,868	\$ 9,370	\$ 7,920
District-wide									
Invested in capital assets, net of related debt		\$ 1,466,953	\$ 1,479,722	\$ 1,571,799	\$ 1,539,612	\$ 1,540,039	\$ 1,561,836	\$ 1,730,216	\$ 1,682,022
Restricted		226,691	114,945	159,685	466,939	239,290	342,346	300,047	459,671
Unrestricted		(3,097)	75,073	(25,635)	(69,693)	155,154	108,959	100,595	163,730
Total district net assets	-	\$ 1,690,547	\$ 1,669,740	\$ 1,705,849	\$ 1,936,858	\$ 1,934,483	\$ 2,013,141	\$ 2,130,858	\$ 2,305,423

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities	N/A								
Instruction									
Regular		\$ 1,265,675	\$ 1,319,928	\$ 1,281,336	\$ 1,307,855	\$ 1,559,516	\$ 1,332,987	\$ 1,399,343	\$ 1,368,082
Special education		137,661	138,129	163,869	170,788	189,048	109,212	100,393	52,016
Other special education		52,114	57,875	81,924	71,824	83,250	145,469	122,807	98,263
Support Services:									
Tuition		805,086	871,399	946,341	1,021,235	1,133,076	1,220,581	1,321,343	1,265,190
Student & instruction related services		422,627	395,549	501,187	586,471	599,803	641,665	615,959	536,992
School administrative services		124,423	86,511	65,964	66,225	71,329	72,103	75,097	125,249
General and business administrative services		363,176	384,718	361,670	351,592	347,005	363,124	333,781	322,242
Plant operations and maintenance		260,781	319,090	357,846	369,887	418,140	409,727	408,262	417,592
Pupil transportation		181,147	178,677	236,041	237,181	236,590	297,273	248,793	278,657
Interest on long-term debt		92,861	88,863	80,883	81,642	76,986	67,497	66,840	49,236
Unallocated depreciation		89,699	89,274	89,274	88,837	88,837	88,837	95,725	108,269
Total governmental activities expenses	-	<u>3,795,250</u>	<u>3,930,013</u>	<u>4,166,335</u>	<u>4,353,537</u>	<u>4,803,580</u>	<u>4,748,475</u>	<u>4,788,343</u>	<u>4,621,788</u>
Business-type activities:									
Food service		52,358	53,487	61,673	61,393	63,586	67,029	73,064	69,850
Total business-type activities expense	-	<u>52,358</u>	<u>53,487</u>	<u>61,673</u>	<u>61,393</u>	<u>63,586</u>	<u>67,029</u>	<u>73,064</u>	<u>69,850</u>
Total district expenses	-	<u>\$ 3,847,608</u>	<u>\$ 3,983,500</u>	<u>\$ 4,228,008</u>	<u>\$ 4,414,930</u>	<u>\$ 4,867,166</u>	<u>\$ 4,815,504</u>	<u>\$ 4,861,407</u>	<u>\$ 4,691,638</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Tuition				\$ 17,853	\$ 29,208	\$ 2,491	\$ 65,716	\$ 55,360	\$ 30,720
Operating grants and contributions		\$ 1,326,901	\$ 1,346,007	\$ 1,390,757	\$ 1,481,739	\$ 1,500,518	\$ 1,370,079	\$ 1,359,276	1,251,581
Total governmental activities program revenues	-	<u>1,326,901</u>	<u>1,346,007</u>	<u>1,408,610</u>	<u>1,510,947</u>	<u>1,503,009</u>	<u>1,435,795</u>	<u>1,414,636</u>	<u>1,282,301</u>
Business-type activities:									
Charges for services									
Food service		40,450	40,370	50,496	53,665	49,478	52,058	47,814	46,625
Operating grants and contributions		10,967	9,342	11,662	11,140	14,003	13,624	17,619	17,290
Total business type activities program revenues	-	<u>51,417</u>	<u>49,712</u>	<u>62,158</u>	<u>64,805</u>	<u>63,481</u>	<u>65,682</u>	<u>65,433</u>	<u>63,915</u>
Total district program revenues		<u>\$ 1,378,318</u>	<u>\$ 1,395,719</u>	<u>\$ 1,470,768</u>	<u>\$ 1,575,752</u>	<u>\$ 1,566,490</u>	<u>\$ 1,501,477</u>	<u>\$ 1,480,069</u>	<u>\$ 1,346,216</u>
Net (Expense)/Revenue									
Governmental activities		\$ (2,468,349)	\$ (2,584,006)	\$ (2,757,725)	\$ (2,842,590)	\$ (3,300,571)	\$ (3,312,680)	\$ (3,373,707)	\$ (3,339,487)
Business-type activities		(941)	(3,775)	485	3,412	(105)	(1,347)	(7,631)	(5,935)
Total district-wide net expense		<u>\$ (2,469,290)</u>	<u>\$ (2,587,781)</u>	<u>\$ (2,757,240)</u>	<u>\$ (2,839,178)</u>	<u>\$ (3,300,676)</u>	<u>\$ (3,314,027)</u>	<u>\$ (3,381,338)</u>	<u>\$ (3,345,422)</u>

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

Exhibit J-2

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net		\$ 2,256,800	\$ 2,367,600	\$ 2,587,447	\$ 2,763,268	\$ 3,067,833	\$ 3,190,546	\$ 3,256,069	\$ 3,338,754
Taxes levied for debt service		181,849	173,679	181,861	183,175	184,926	181,441	153,593	154,768
Unrestricted grants and contributions			8,859	-	61,390	23,302		67,982	
Investment earnings		12,061	10,056	14,500	18,192	20,388	19,287	11,246	4,957
Miscellaneous income		6,585	6,661	9,126	127,760	5,378	1,128	4,032	17,023
Transfers		(1,500)	(4,601)	(2,500)	-	-	-	-	-
Total governmental activities	-	<u>2,455,795</u>	<u>2,562,254</u>	<u>2,790,434</u>	<u>3,153,785</u>	<u>3,301,827</u>	<u>3,392,402</u>	<u>3,492,922</u>	<u>3,515,502</u>
Business-type activities:									
Miscellaneous Income		138	119	415	870	756	283	6,133	4,485
Transfers		1,500	4,601	2,500	-	-	-	-	-
Total business-type activities	-	<u>1,638</u>	<u>4,720</u>	<u>2,915</u>	<u>870</u>	<u>756</u>	<u>283</u>	<u>6,133</u>	<u>4,485</u>
Total district-wide		<u>\$ 2,457,433</u>	<u>\$ 2,566,974</u>	<u>\$ 2,793,349</u>	<u>\$ 3,154,655</u>	<u>\$ 3,302,583</u>	<u>\$ 3,392,685</u>	<u>\$ 3,499,055</u>	<u>\$ 3,519,987</u>
Change in Net Assets									
Governmental activities		\$ (12,554)	\$ (21,752)	\$ 32,709	\$ 311,195	\$ 1,256	\$ 79,722	\$ 119,215	\$ 176,015
Business-type activities		697	945	3,400	4,282	651	(1,064)	(1,498)	(1,450)
Total district		<u>\$ (11,857)</u>	<u>\$ (20,807)</u>	<u>\$ 36,109</u>	<u>\$ 315,477</u>	<u>\$ 1,907</u>	<u>\$ 78,658</u>	<u>\$ 117,717</u>	<u>\$ 174,565</u>

Source: CAFR Schedule A-2

**Hope Township School District
Fund Balances, Governmental Funds,
Last Nine Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 131,892	\$ 199,120	\$ 119,682	\$ 43,980	\$ 97,113	\$ 229,290	\$ 316,844	\$ 245,017	\$ 412,774
Unreserved	173,480	65,945	51,916	161,746	324,621	227,819	190,437	163,932	243,536
Total general fund	<u>\$ 305,372</u>	<u>\$ 265,065</u>	<u>\$ 171,598</u>	<u>\$ 205,726</u>	<u>\$ 421,734</u>	<u>\$ 457,109</u>	<u>\$ 507,281</u>	<u>\$ 408,949</u>	<u>\$ 656,310</u>
All Other Governmental Funds									
Reserved	\$ 16,495	\$ 12,935							
Unreserved, reported in:									
Special revenue fund	(600)								
Capital projects fund		19,306	\$ 2,954	\$ 2,954	\$ 359,826			\$ 39,548	
Debt service fund									\$ 2,379
Trust and agency fund	17,400	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 33,295</u>	<u>\$ 32,241</u>	<u>\$ 2,954</u>	<u>\$ 2,954</u>	<u>\$ 359,826</u>	<u>-</u>	<u>-</u>	<u>39,548</u>	<u>\$ 2,379</u>

Source: CAFR Schedule B-1

**Hope Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 2,225,478	\$ 2,297,015	\$ 2,438,649	\$ 2,541,279	\$ 2,769,308	\$ 2,946,443	\$ 3,252,759	\$ 3,371,987	\$ 3,409,662	\$ 3,493,522
Interest earnings	9,553	2,106	2,482	1,938	1,284	1,882	2,258	3,341	1,840	1,694
Miscellaneous	23,622	43,775	16,164	8,118	40,195	173,278	25,999	82,790	68,798	51,006
State sources	1,039,094	1,121,181	1,229,063	1,248,441	1,280,398	1,436,461	1,417,360	1,264,890	1,163,055	1,107,020
Federal sources	57,640	81,543	97,838	106,425	110,359	106,668	106,459	105,189	264,203	144,561
Total revenue	3,355,387	3,545,620	3,784,196	3,906,201	4,201,544	4,664,732	4,804,835	4,828,197	4,907,558	4,797,803
Expenditures										
Instruction										
Regular Instruction	870,786	868,547	966,606	1,063,792	990,191	982,159	984,296	1,039,252	1,071,376	1,046,167
Special education instruction	106,142	115,553	111,504	111,570	126,934	129,687	146,876	85,880	77,025	40,250
Other special instruction	16,109	16,199	42,212	46,747	63,459	54,539	64,679	114,391	94,222	76,036
Support Services:										
Tuition	613,638	780,511	805,086	871,399	946,341	1,021,235	1,133,076	1,220,581	1,321,343	1,265,190
Student & instruction related services	217,116	218,382	357,339	319,494	388,223	445,334	466,002	504,580	472,585	415,523
School administrative services	119,490	144,118	85,768	69,877	51,096	50,288	55,417	56,699	57,617	96,917
Other administrative services	270,783	251,867	287,825	304,400	273,807	261,749	264,366	280,315	250,857	196,119
Plant operations and maintenance	182,737	204,367	207,354	256,854	276,308	280,135	324,127	321,457	312,496	322,395
Pupil transportation	243,187	218,924	181,147	178,677	236,041	237,181	236,590	297,273	248,793	278,657
Unallocated employee benefits	341,369	448,965	501,438	536,427	608,161	713,361	714,402	640,791	697,867	616,958
Transfer to Charter School							14,130	17,648	20,408	41,297
Special Revenue	62,927	90,766								
Capital Outlay	204,555	92,897	59,276	88,690	20,515	16,716	251,233	15,000	188,161	37,334
Debt service:										
Principal	82,718	88,749	89,912	89,398	97,270	103,605	109,974	111,399	85,000	90,000
Interest and other charges	111,146	98,560	94,695	87,029	86,570	82,303	77,678	72,759	68,593	64,768
Total expenditures	3,442,703	3,638,405	3,790,162	4,024,354	4,164,916	4,378,292	4,842,846	4,778,025	4,966,343	4,587,611
Excess (Deficiency) of revenues over (under) expenditures	(87,316)	(92,785)	(5,966)	(118,153)	36,628	286,440	(38,011)	50,172	(58,785)	210,192
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
EDA grant	827,857	19,718								
Transfers in	8,265						6,716		123,866	(39,548)
Transfers out	(9,765)	(3,000)	(1,500)	(4,601)	(2,500)	-	(6,716)		(123,866)	39,548
Total other financing sources (uses)	826,357	16,718	(1,500)	(4,601)	(2,500)	-	-	-	-	-
Net change in fund balances	\$ 739,041	\$ (76,067)	\$ (7,466)	\$ (122,754)	\$ 34,128	\$ 286,440	\$ (38,011)	\$ 50,172	\$ (58,785)	\$ 210,192
Debt service as a percentage of noncapital expenditures	6.0%	5.3%	4.9%	4.5%	4.4%	4.3%	4.1%	3.9%	3.2%	3.4%

Source: CAFR Schedule B-2

HOPE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Interest on Capital Reserve Fund</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 8,763	\$ 1,288	\$ 3,324	\$ 1,399	\$ 14,774
2003	11,433	2,106		3,299	16,838
2004	9,579	2,482		6,585	18,646
2005	8,118	1,938			10,056
2006	13,216	1,284	17,853	9,126	41,479
2007	16,310	1,882	29,208	10,714	58,114
2008	18,130	2,258	2,491	5,378	28,257
2009	14,250	5,037	65,716	1,128	86,131
2010	9,406	1,840	55,360	4,032	70,638
2011	3,897	1,060	30,720	14,644	50,321

SOURCE: District Records

**Hope Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2002	\$6,150,400	\$95,996,000	\$19,637,600	\$1,444,080	\$8,151,900	\$209,300	\$264,200	\$144,787,310	\$11,593,300	\$1,340,530	\$133,194,010	\$1.670	\$141,022,609
2003	6,178,900	96,959,600	20,233,300	1,934,600	7,982,400	209,300	264,200	148,351,314	13,344,600	1,244,414	135,006,714	1.700	151,389,544
2004	5,316,800	98,974,100	20,951,200	1,934,700	7,982,400	209,300	264,200	150,723,066	13,769,200	1,321,166	136,953,866	1.780	165,391,415
2005	5,230,700	100,863,200	20,366,000	1,936,300	7,994,900	209,300	264,200	152,204,766	14,019,000	1,321,166	138,185,766	1.840	191,594,134
2006	4,923,400	103,246,200	20,209,800	1,842,200	7,994,900	209,300	264,200	153,803,954	14,174,600	939,354	139,629,354	1.971	220,633,404
2007	4,881,800	105,083,300	20,766,900	1,810,900	7,853,900	209,300	264,200	155,778,164	14,157,400	750,464	141,620,764	2.082	249,831,108
2008	14,930,000	232,661,200	46,235,700	1,776,714	17,588,500	357,600	523,900	346,349,129	30,978,884	1,296,631	315,370,245	1.032	285,269,848
2009	13,448,400	230,478,500	46,766,400	1,781,524	16,884,900	357,600	523,900	343,931,755	32,351,884	1,338,647	311,579,871	1.082	302,371,153
2010	12,066,700	228,881,600	48,990,300	1,783,324	16,730,500	357,600	523,900	342,851,469	32,358,196	1,159,349	310,493,273	1.098	299,453,703
2011	9,785,450	193,727,900	42,683,600	1,821,800	13,802,600	291,300	449,200	293,103,951	29,383,752	1,158,349	263,720,199	1.325	290,093,507

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Hope Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Hope Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hope Township	Library	Warren County	
2002	\$1.571	\$0.099	\$1.670	\$0.203	\$0.066	\$0.751	\$2.690
2003	\$1.573	\$0.127	\$1.700	\$0.203	\$0.066	\$0.731	\$2.700
2004	\$1.658	\$0.122	\$1.780	\$0.203	\$0.064	\$0.753	\$2.800
2005	\$1.708	\$0.132	\$1.840	\$0.208	\$0.073	\$0.849	\$2.970
2006	\$1.846	\$0.125	\$1.971	\$0.239	\$0.082	\$0.943	\$3.235
2007	\$1.951	\$0.131	\$2.082	\$0.280	\$0.092	\$1.016	\$3.470
2008	\$0.972	\$0.060	\$1.032	\$0.144	\$0.048	\$0.506	\$1.730
2009	\$1.023	\$0.059	\$1.082	\$0.176	\$0.051	\$0.535	\$1.844
2010	\$1.049	\$0.049	\$1.098	\$0.187	\$0.050	\$0.532	\$1.867
2011	\$1.266	\$0.059	\$1.325	\$0.217	\$0.053	\$0.619	\$2.214

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Hope Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
First Hope Bank	\$2,295,000	1	0.87%	999,000	2	0.49%
Individual Taxpayer #1	1,986,600	2	0.75%	399,200	5	0.39%
Individual Taxpayer #2	1,837,200	3	0.70%	499,500	7	
Individual Taxpayer #3	1,702,100	4	0.65%			
Individual Taxpayer #4	1,676,500	5	0.64%			
Individual Taxpayer #5	1,499,400	6	0.57%			
United Telephone Co. of NJ	1,257,229	7	0.48%	1,182,444	1	1.17%
Individual Taxpayer #6	1,152,900	8	0.44%			
Individual Taxpayer #7	1,067,600	9	0.40%			
Bardon Goodbody Farm, Co.	1,046,600	10	0.40%			
B & S Partners				451,600	6	0.45%
Land of Make Believe				878,900	3	0.87%
Inn at Millrace Pond				857,950	4	0.85%
A T & T				264,800	8	0.26%
Dick Direct Sales				242,900	9	0.24%
Newton Trust Company				223,700	10	0.22%
Total	<u>\$ 15,521,129</u>		<u>5.89%</u>	<u>\$ 5,999,994</u>		<u>4.94%</u>

Source: District CAFR & Municipal Tax Assessor

**Hope Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 2,225,478	\$ 2,225,478	100.00%	-
2003	\$ 2,297,015	\$ 2,297,015	100.00%	-
2004	\$ 2,438,649	\$ 2,438,649	100.00%	-
2005	\$ 2,541,279	\$ 2,541,279	100.00%	-
2006	\$ 2,769,308	\$ 2,769,308	100.00%	-
2007	\$ 2,946,443	\$ 2,946,443	100.00%	-
2008	\$ 3,252,759	\$ 3,252,759	100.00%	-
2009	\$ 3,371,987	\$ 3,371,987	100.00%	-
2010	\$ 3,409,662	\$ 3,409,662	100.00%	-
2011	\$ 3,493,522	\$ 3,493,522	100.00%	-

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

Note:

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

**Hope Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2002	\$ 2,123,967	-0-	-0-	-0-	-0-	\$ 2,123,967	3.28%	\$ 1,108.54	
2003	\$ 2,034,055	-0-	-0-	-0-	-0-	\$ 2,034,055	3.03%	\$ 1,044.71	
2004	\$ 1,945,306	-0-	-0-	-0-	-0-	\$ 1,945,306	2.81%	\$ 999.64	
2005	\$ 1,849,247	-0-	-0-	-0-	-0-	\$ 1,849,247	2.58%	\$ 953.22	
2006	\$ 1,751,977	-0-	-0-	-0-	-0-	\$ 1,751,977	2.28%	\$ 899.37	
2007	\$ 1,648,373	-0-	-0-	-0-	-0-	\$ 1,648,373	2.02%	\$ 846.62	
2008	\$ 1,538,399	-0-	-0-	-0-	-0-	\$ 1,538,399	1.84%	\$ 790.95	
2009	\$ 1,427,000	-0-	-0-	-0-	-0-	\$ 1,427,000	1.71%	\$ 729.55	
2010	\$ 1,342,000	-0-	-0-	-0-	-0-	\$ 1,342,000	1.62%	\$ 689.62	
2011	\$ 1,300,000	-0-	-0-	-0-	-0-	\$ 1,300,000	1.57%	\$ 668.04	

Source: District CAFR Schedules I-1, I-2

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.

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

R Revised

Hope Township School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 2,123,967	-0-	\$ 2,123,967	1.57%	\$ 1,109
2003	\$ 2,034,055	-0-	\$ 2,034,055	1.49%	\$ 1,045
2004	\$ 1,945,306	-0-	\$ 1,945,306	1.41%	\$ 1,000
2005	\$ 1,849,247	-0-	\$ 1,849,247	1.32%	\$ 953
2006	\$ 1,751,977	-0-	\$ 1,751,977	1.24%	\$ 899
2007	\$ 1,648,373	-0-	\$ 1,648,373	0.52%	\$ 847
2008	\$ 1,538,399	-0-	\$ 1,538,399	0.49%	\$ 791
2009	\$ 1,427,000	-0-	\$ 1,427,000	0.46%	\$ 730
2010	\$ 1,342,000	-0-	\$ 1,342,000	0.43%	\$ 690
2011	\$ 1,300,000	-0-	\$ 1,300,000	0.49%	\$ 668

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.

* Current data unavailable

**Hope Township School District
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2011**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Township of Hope	\$ 946,800	100.000%	\$ 946,800
Other debt Warren County	7,775,000	2.133%	<u>165,852</u>
Subtotal, overlapping debt			1,112,652
Hope Township School District Direct Debt			<u>1,300,000</u>
Total direct and overlapping debt			<u><u>\$ 2,412,652</u></u>

Sources: Township Finance Officer, Warren County Finance Office and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Hope Township School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 271,353,710
2009	286,925,076
2008	298,108,219
[A]	\$ 856,387,005

Average equalized valuation of taxable **[A/3]** \$ 285,462,335

Debt limit (3 % of average equalization value) **[B]** 8,563,870

Net bonded school debt **[C]** 1,300,000

Legal debt margin **[B-C]** \$ 7,263,870

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$4,120,001	\$4,452,225	\$4,961,742	\$5,645,605	\$6,478,342	\$7,436,887	\$8,315,014	\$8,853,511	\$8,887,208	8,563,870
Total net debt applicable to limit	<u>2,123,967</u>	<u>2,034,055</u>	<u>1,945,306</u>	<u>1,849,247</u>	<u>1,751,977</u>	<u>1,648,373</u>	<u>1,538,399</u>	<u>1,427,000</u>	<u>1,342,000</u>	<u>1,300,000</u>
Legal debt margin	<u>\$1,996,034</u>	<u>\$2,418,170</u>	<u>\$3,016,436</u>	<u>\$3,796,358</u>	<u>\$4,726,365</u>	<u>\$5,788,514</u>	<u>\$6,776,615</u>	<u>\$7,426,511</u>	<u>\$7,545,208</u>	<u>\$7,263,870</u>
Total net debt applicable to the limit as a percentage of debt limit	51.55%	45.69%	39.21%	32.76%	27.04%	22.16%	18.50%	16.12%	15.10%	15.18%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Hope Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2002	1,916	\$ 64,847,020	\$33,845 R	5.5%
2003	1,947	\$ 67,200,705	\$34,515 R	5.9%
2004	1,946	\$ 69,234,788	\$35,578 R	4.4%
2005	1,940	\$ 71,551,080	\$36,882 R	4.3%
2006	1,948	\$ 76,844,704	\$39,448 R	4.6%
2007	1,947	\$ 81,633,816	\$41,928 R	4.3%
2008	1,945	\$ 83,584,430	\$42,974 R	5.7%
2009	1,956	\$ 83,386,236	\$42,631 P	10.0%
2010	1,946	\$ 82,959,926	\$42,631 *	10.3%
2011	1,946	* \$ 82,959,926	\$42,631 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

* Current data unavailable

Hope Township School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

N/A

Employer	2011			2002		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:
No reliable information for Employer
Data available at Local or County level

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

Exhibit J-16

<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										
Regular				15	15	14	14	14	16	15
Special education				4	3	3	3	3	2	2
Other special education				2	3	3	3	3	2	2
Support Services:										
General administrative services				2	2	2	2	2	1	1
School administrative services				1	1	1	1	1	1	1
Other administrative services				1	1	1	1	1	1	1
Plant operations and maintenance				3	3	3	3	3	3	3
Pupil transportation				1	1	1	1	1	1	1
Other support services				4	3	3	6	7	8	8
Special Schools				2	2	2	2	1	1	1
Total				35	34	33	36	36	36	35

Source: District Personnel Records

Hope Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2002	224	\$3,044,284	\$13,591	-14.14%	24.2	1:11	192.7	183.8	-1.08%	95.4%
2003	214	\$3,358,199	\$15,693	15.47%	23.4	1:12	187.7	179.5	-2.59%	95.6%
2004	239	\$3,546,279	\$14,838	-5.45%	22.9	1:13.6	236.8 *	226.3	26.16%	95.6%
2005	227	\$3,222,810	\$14,197	-4.32%	23.8	1:11.8	226.3 **	215.9	-4.43%	95.4%
2006	228	\$3,960,561	\$17,371	22.35%	19.7	1:11.6	223.7	215.0	-1.15%	96.1%
2007	228	\$4,175,668	\$18,314	5.43%	18.7	1:12.2	223.5	214.6	-0.09%	96.0%
2008	202	\$4,389,831	\$21,732	18.66%	18.0	1:11.2	197.8	189.6	-11.50%	95.9%
2009	213	\$4,561,219	\$21,414	-1.46%	20.0	1:10.7	212.6	202.9	7.48%	95.4%
2010	207	\$4,604,181	\$22,242	3.87%	20.0	1:10.4	204.4	194.4	-3.86%	95.1%
2011	203	\$4,354,212	\$21,449	-3.57%	19.0	1:10.7	205.6	195.4	0.59%	95.0%

Sources: District records, ASSA and Schedules J-2, J-4

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-
- 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);

*Includes 35.7 preschool students in ADE and 34.1 preschool students in ADA
 **Includes 29.3 preschool students in ADE and 27.9 preschool students in ADA
 Preschool was not counted in years prior to 2004

**Hope Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Hope Township School</u>										
Square Feet	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207
Capacity (students)	269	269	269	269	269	269	269	269	269	269
Enrollment	224	214	239	227	228	228	202	213	207	203

Number of Schools at June 30, 2011
Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

HOPE TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Nine Fiscal Years Ending June 30, 2011

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Hope Township School	N/A	\$ 16,013	\$ 21,214	\$ 62,176	\$ 59,421	\$ 51,001	\$ 72,179	\$ 60,149	\$ 67,886	\$ 57,345	467,384
Total School Facilities		16,013	21,214	62,176	59,421	51,001	72,179	60,149	67,886	57,345	467,384
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 16,013	\$ 21,214	\$ 62,176	\$ 59,421	\$ 51,001	\$ 72,179	\$ 60,149	\$ 67,886	\$ 57,345	\$ 467,384

HOPE TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2011

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - SAIF		
Property-Blanket Building and Contents	\$250,000,000	\$1,000
Comprehensive General Liability (ACE)	5,000,000	None
ENVIRONMENTAL IMPAIRMENT - SAIF		
Other	1,000,000	5,000
WORKMENS' COMPENSATION POLICY - NJSAIG		
Statutory	2,000,000	
SCHOOL BOARD LEGAL LIABILITY - SAIF		
Directors and Officers Policy	5,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET POSITION BOND - Selective Insurance		
Treasurer of School Monies	160,000	
Board Secretary	160,000	

SOURCE: District Records

Single Audit Section



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 Anthony F. Ardito, PA, RMA, PSA

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

Honorable President and
 Members of the Board of Education
 Hope Township School District
 County of Warren
 Hope, New Jersey 07844

We have audited the financial statements of the Board of Education of the Hope Township School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in 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 Hope Township School District 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 Hope Township School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hope Township School District Board of Education's internal control over financial reporting.

-Continued-

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, the Hope Township School District Board of Education, the New Jersey State Department of Education, and other 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.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: August 31, 2011



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

Honorable President and
 Members of the Board of Education
 Hope Township School District
 County of Warren
 Hope, New Jersey 07844

Compliance

We have audited the compliance of the Hope Township School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Hope Township School District 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 Hope Township School District Board of Education's management. Our responsibility is to express an opinion on the Hope Township School District 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, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

-Continued-

An audit includes examining, on a test basis, evidence about the Hope Township School District 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 Hope Township School District Board of Education's compliance with those requirements.

In our opinion the Board of Education of the Hope Township School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Financial Reporting

The management of the Board of Education of the Hope Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Hope Township School District 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 Hope Township School District 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Hope Township School District Board of Education, the New Jersey State Department of Education, and other 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.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: August 31, 2011

HOPE TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2011

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2010	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	BALANCE AT JUNE 30, 2011			MEMO				
									REPAYMENT OF PRIOR YEARS' BALANCES	(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
State Department of Education																
General Fund:																
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 680,412			\$ 680,412	\$ (680,412)									
Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	2,735			2,735	(2,735)							\$ 64,386	\$ 680,412	
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	145,710			145,710	(145,710)							259	2,735	
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	21,926			21,926	(21,926)							13,788	145,710	
Non-Public Transportation Aid	10-495-034-5120-044	7/1/09-6/30/10		\$ (4,789)		4,789								2,075	21,926	
Non-Public Transportation Aid	11-495-034-5120-044	7/1/10-6/30/11	6,009				(6,009)			\$ (6,009)					6,009	
Extra-Ordinary Aid	10-495-034-5120-044	7/1/09-6/30/10		(26,119)		26,119	-									
Extra-Ordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	23,517				(23,517)			(23,517)					23,517	
On-behalf TPAF Pension Contrib.	11-495-034-5095-001	7/1/10-6/30/11	93,831			93,831	(93,831)								93,831	
Reimbursed TPAF Soc.Secur.Contrib.	11-495-034-5095-002	7/1/10-6/30/11	105,472	(5,560)		105,925	(105,472)			(5,107)					105,472	
Total General Fund				<u>(36,468)</u>		<u>1,081,447</u>	<u>(1,079,612)</u>	-		<u>(34,633)</u>				<u>80,508</u>	<u>1,079,612</u>	
Capital Projects Fund:																
SDA Grant - Window Replacement	SP#2050-050-09-1001(OZJW)	7/1/09-6/30/10	67,982	(30,621)		30,621										
Total Capital Projects Fund				<u>(30,621)</u>		<u>30,621</u>	-	-	-	-	-	-	-	-	-	
State Department of Agriculture:																
Enterprise Fund:																
Nat.School Lunch Prog.(State Share)	10-100-010-3350-023	7/1/09-6/30/10		(78)		78										
Nat.School Lunch Prog.(State Share)	11-100-010-3350-023	7/1/10-6/30/11	755			705	(755)			(50)					755	
Total Enterprise Fund				<u>(78)</u>		<u>783</u>	<u>(755)</u>			<u>(50)</u>					<u>755</u>	
Total State Financial Assistance				<u>\$ (67,167)</u>	-	<u>\$ 1,112,851</u>	<u>\$ (1,080,367)</u>	-		<u>\$ (34,683)</u>	-	-		<u>\$ 80,508</u>	<u>\$ 1,080,367</u>	

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$27,408 for the general fund and - 0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,107,020	\$ 1,107,020
Special Revenue Fund	\$ 144,561	-	144,561
Food Service Fund	<u>16,535</u>	<u>755</u>	<u>17,290</u>
Total Financial Assistance	<u>\$ 161,096</u>	<u>\$ 1,107,775</u>	<u>\$ 1,268,871</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified

- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? ___ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes
x None
Reported

- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000

- E) Auditee qualified as low-risk auditee? ___ Yes ___ No

- F) Type of auditor's report on compliance for major programs: Unqualified

- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? ___ Yes ___ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ No

- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes ___ No

- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
 - 1) Material weakness(es) identified? yes x no
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? yes x no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

11-495-034-5120-078

Equalization Aid

11-495-034-5095-002

Reimb. TPAF Soc. Sec.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section II-Financial Statement Findings

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs noted, that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.