

**SCHOOL DISTRICT OF
MOUNT HOLLY**

MOUNT HOLLY BOARD OF EDUCATION
Mount Holly, New Jersey
County of Burlington

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MOUNT HOLLY SCHOOL DISTRICT

MOUNT HOLLY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

**Mount Holly School District
Business Administrator's Office**

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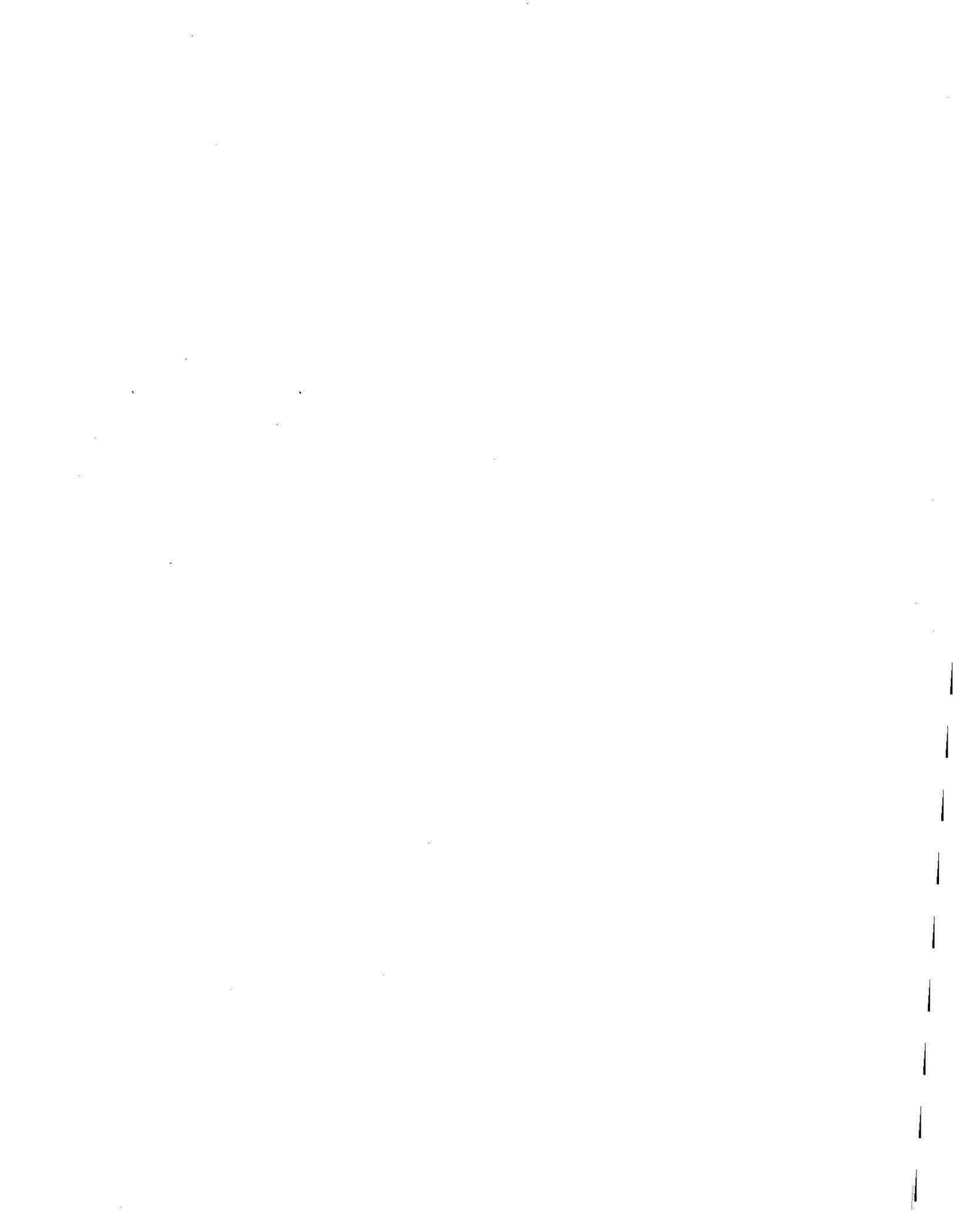
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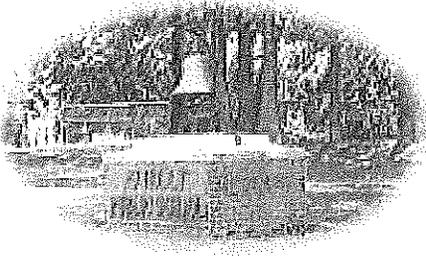
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INTRODUCTORY SECTION





Mount Holly Township Public Schools

School Business Office
331 Levis Drive
Mount Holly, NJ 08060
Phone: (609) 267-7033
Fax: (609) 265-8028

September 29, 2011

Honorable President and
Members of the Board of Education
Mount Holly Township School District

Dear Members of the Board,

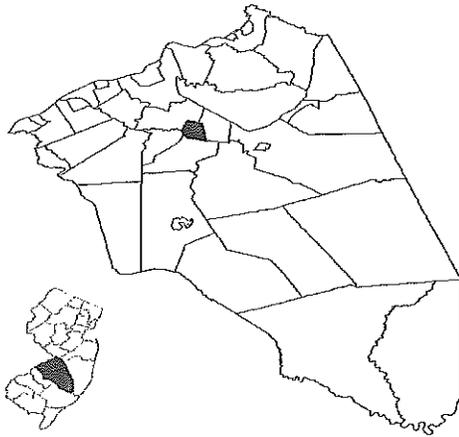
We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Mount Holly Township School District (District) for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the data completeness and fairness of the presentation, including all disclosures, rests 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 basic financial statements and results of operations of the District. This report will provide the taxpayers of the Mount Holly Township School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs. The Comprehensive Annual Financial Report is presented in four sections as follows:

1. The Introductory Section contains a table of contents, this Letter of Transmittal, List of Principle Officials, and an Organizational Chart of the School District.
2. The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position, operating results, and other schedules illustrating detailed budgetary information.
3. The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis.
4. The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

School District Organization

The Mount Holly Township School District is one of 41 school districts in Burlington County, New Jersey. The district provides education to students in grades Pre-K through 8 living in Mount Holly Township.

An elected five-member Board of Education (the "Board") serves as the chief policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money. The Superintendent is the Chief Executive Officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the Chief Financial Officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities



incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

Geographically, the District is located in the north central part of Burlington County. Mount Holly Township is the seat of Burlington County with a population of approximately 24,713 (census 2010). The community has a long and rich history with several sites on the National Register of Historic Places. The 993 students enrolled in the Mount Holly Township School District will attend the Rancocas Valley Regional High School with four (4) other local communities, Hainesport, Westampton, Eastampton, and Lumberton.

Reporting Entity

The Mount Holly Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board's (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Mount Holly Township School District Board of Education and its three schools constitute the District's reporting entity.

Economic Condition

Burlington County is steeped in history from pre-revolutionary times to the present day. The County is home to two major military installations in Fort Dix and McGuire Air Force Base. The Mount Holly Township School District serves students from a wide range of socioeconomic backgrounds.

Burlington County is located in the center of the state approximately 80 miles south of New York City and 20 miles east of Philadelphia. Philadelphia International Airport is just 30 minutes away. At approximately 820 square miles, Burlington County is the largest county in New Jersey stretching from the Pinelands Forests to the Delaware River. The County is home to approximately 2,100 acres of state parklands, 600 farms, and over 300 historical sites.

Because Burlington County is among the fastest growing in New Jersey, change is constant in the Mount Holly Township School District. A Township redevelopment plan is currently in the works, and will bring new housing, jobs, and many other exciting opportunities. With new housing comes new students; new students bring the need for more teachers, support services, and upgrades to facilities.

The District completed the 2010-11 fiscal year with an enrollment of 993 students, which is 5 students less than the previous year's enrollment. Though the past several years have shown declines in the enrollment within the district, this trend is not likely to continue as the major condition of the decreased enrollment has been the West Rancocas Redevelopment Project which is nearly underway. There are few acquisitions left to be made by the Township, and the number of current students expected to be lost is less than new students anticipated. The following details the changes in the average daily enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Percent Change</u>
2010-11	993	-0.5%
2009-10	998	-2.1%
2008-09	1,019	-2.2%
2007-08	1,042	-2.9%
2006-07	1,073	-0.9%
2005-06	1,083	-3.5%

Outlook for the Future: Fiscal Year 2010-11 and Beyond

The Mount Holly Township School District, along with many other public school systems in the State, will continue to face some difficult economic situations given the primary funding source is property tax revenue. The district's overall anticipated revenues from state and federal sources decreased for 2010-11. The decrease is due to the Federal ARRA ESF/GSF funds which were used to replace state aid in 2009-10.

The District's administration is closely monitoring the cost of operations and continues to look for new funding sources and efficiencies in expenditures, in order to maintain and improve the quality educational services that the School District has been accustomed to providing.

Educational Program

MISSION STATEMENT

"We believe in the worth of all students and their right to have the opportunity to obtain the knowledge and skills necessary to prosper in an increasingly global world. The mission of the Mount Holly Township Public Schools is to provide a caring, nurturing, safe environment that challenges all students to develop their full potential- intellectually, socially, emotionally, and physically in cooperation with parents, staff, Board of Education, and community."

The Mount Holly Township School District places a high priority on student performance. Mount Holly Public Schools, in concert with an involved and supportive community, make every effort to provide a rich and rewarding educational experience for our children. Our mission is to provide the opportunity for all children to succeed. To this end, we will ensure:

- Demonstratively effective instructional programs
- A safe, clean and healthy learning environment
- A motivated, skilled staff who are committed to continuous school improvement
- Collaboration between school, parents and community
- Effective leadership, management and fiscal accountability

As we look to the future, we realize that change is a given and with every new school year comes a new set of opportunities and challenges for our school, families and community. The demands of higher achievement standards, state assessments, and accountability measures are only part of the picture. The focus on improved student achievement will mean little if we fail to nurture ethical values and citizenship. We need to produce children who are good students and even better people. We need to produce children who demonstrate respect for themselves and others. Our schools stand ready to work with our families and community to support the development of these values and help all children achieve to the best of their ability.

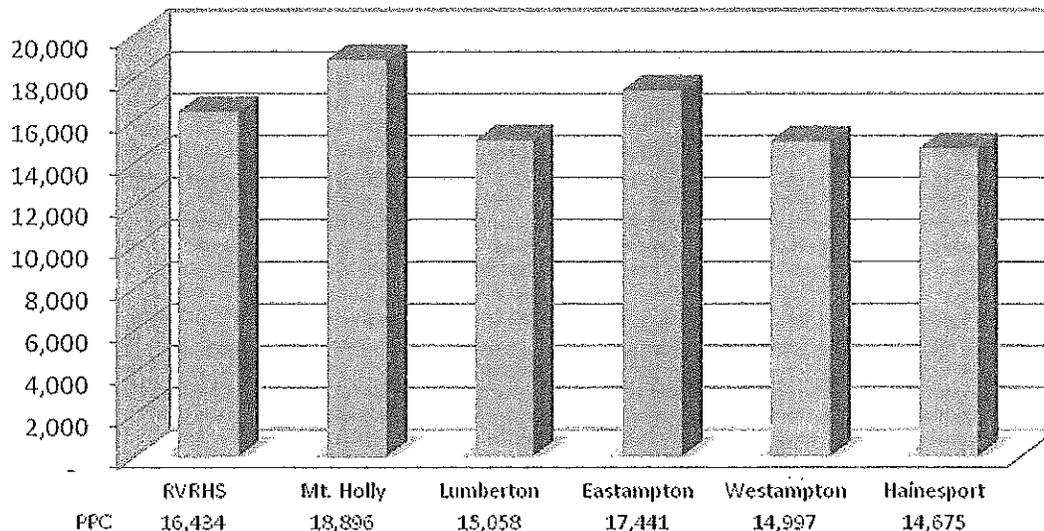
The Mount Holly Public Schools are on the road to continuous improvement. I encourage all parents to join us by being actively involved in their children's education. There is not a better gift to give than a quality education. Working together, we prepare our children for the challenges of the 21st Century and help each child achieve and succeed.

The District has highly competent teaching, supervisory and administrative staff with approximately 66% with Bachelor's degrees, and 34% with Master's degrees. The staff continues to refine its expertise and competency through ongoing staff development District-wide through curriculum development committees and workshops. Teachers are enrolled in graduate-level programs in numerous colleges and universities. A total of \$38,338 was reimbursed to teachers to help defray the cost of this college tuition. An additional \$15,811 was expended on workshops and conferences.

In May 2011, the New Jersey Department of Education released its Comparative Spending Guide for all school districts in the State. The guide compares districts of like size and grade structure. The Mount Holly Township School District was compared with 89 other Pre-K to 8th grade districts within the State. The report showed that the District spends \$18,896 per pupil while the state average is \$16,636. According to the report, similar district per pupil costs range from a low of \$12,592 to a high of \$21,522.

For the past three years our district has budgeted \$15,928, \$15,125 and \$13,891 per pupil. Over the same time frame, the state average has ranged from \$13,189 to \$13,609. It should be noted that because of Mount Holly's District Factor Grouping (DFG) of B, there are many required expenditures that other districts do not have to meet. It should be noted that when compared to districts that also serve townships that are county seats, Mount Holly's per pupil cost was much more comparable.

Per Pupil Spending Within Region



Internal Accounting and Budgetary Control

Management of the District is responsible for establishing and maintaining an internal control system 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).

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is subjected to a 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 system, including that portion related to major federal and state awards, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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 Township. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund (when necessary). Project-length budgets are approved for the capital improvements accounted for in the capital projects fund.

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

Cash Management

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

Risk Management

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, student accident and comprehensive/collision, hazard, and theft insurance on property and contents and fidelity bonds. The School Business Administrator oversees risk management for the District. A schedule of insurance coverage is found in the Statistical Section as Schedule J-20.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman & Frenia, P.C. was selected by the Board of Education through the submission of competitive proposals. 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 Amendments of 1996, and the related U.S. Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations" A-133 and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

We would like to express our appreciation to the members of the Mount Holly Township School District 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 accounting staff.

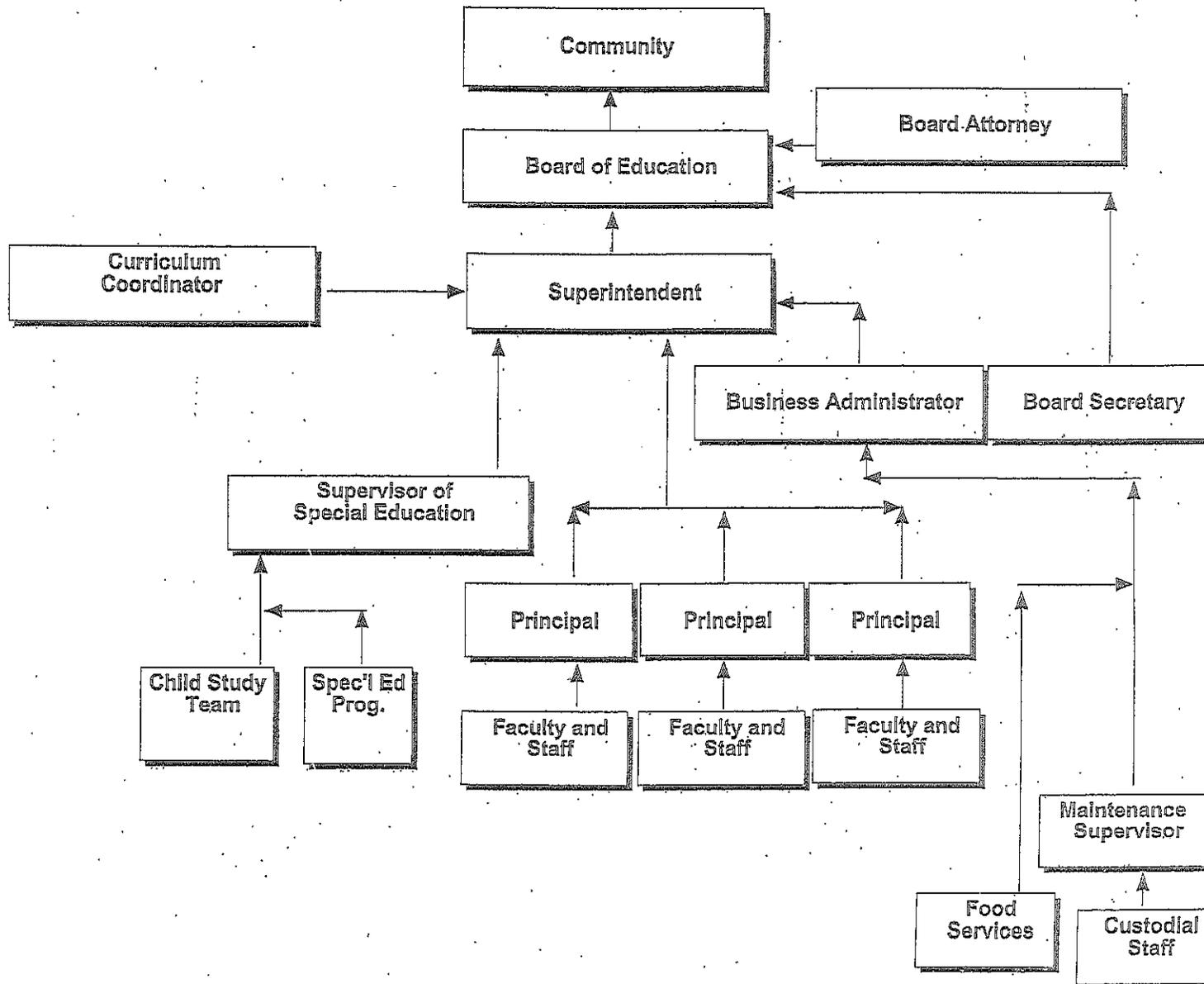
Respectfully submitted,

Eric M. Hibbs, Ed.D.
Superintendent

Evon DiGangi, CPA
*School Business Administrator/
Board Secretary*

MOUNT HOLLY TOWNSHIP PUBLIC SCHOOLS

Organizational Chart (UNIT CONTROL)



MOUNT HOLLY SCHOOL DISTRICT

331 Levis Drive
Mount Holly, New Jersey 08060

Evon DiGangi, CPA
Business Administrator

ROSTER OF OFFICIALS
June 30, 2011

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Carol H. Johnson, President	2012
Mark H. Parker, Vice President	2012
Johanna Keely	2013
Samuel Reale	2013
Tim Young	2014

OTHER OFFICIALS

Dr. Eric Hibbs, Superintendent
Ms. Evon DiGangi, Business Administrator/Board Secretary
Mr. Walter Keith Sheppard, Treasurer of School Monies
Frank Cavallo, Esq.

MOUNT HOLLY SCHOOL DISTRICT

330 Levis Drive
Mount Holly, New Jersey 08060

Evon DiGangi
Business Administrator

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Frank Cavallo, Esq.
Parker McCay
Three Greentree Centre
Marlton, New Jersey 08053

OFFICIAL DEPOSITORY

Beneficial Bank
539 Walnut Street
Philadelphia, Pennsylvania 19106

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Mount Holly School District
County of Burlington
Mount Holly, New Jersey 08060

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2011, on our consideration of the Mount Holly School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

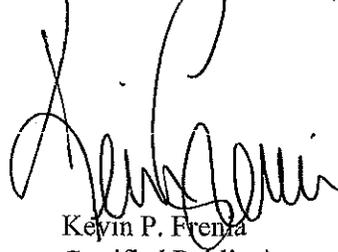
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 22 and 57 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Holly School District'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, schedule of expenditures of federal and state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
September 2, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

The discussion and analysis of Mount Holly 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 basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2010-11) and the prior fiscal year (2009-10) is presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Total assets increased by \$901,694.00 as cash and cash equivalents decreased by \$344,859.00 receivables increased by \$88,013.00, net capital assets increased by \$ 175,119.00, and restricted cash and cash equivalents increased by \$983,421.00.
- General Fund revenues accounted for \$18,469,398 in revenue, or 92 percent of all revenues. Special revenues in the form of State and Federal grants and aid, accounted for \$1,535,460 or 8 percent of total revenues of \$20,004,858.
- The School District had \$19,423,475 in total expenditures; \$11,377,851 of which represents salaries and benefits for the district or approximately 58.58 percent of expenditures for the fiscal year ending June 30, 2011.
- The Food Service Enterprise Fund had an increase in net assets of \$48,733 in 2011 compared to an increase of \$34,760 in 2010.
- The total Fund Balance per Governmental funds was \$2,755,197. \$292,496 was added to capital reserve, \$190,924 was added to maintenance reserve and \$50,000 was added to emergency reserve as of June 30, 2011.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mount Holly 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 focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of a whole school district, presenting both an aggregate view of a 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.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

This document 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 attempt to 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 businesses. Using 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 District's net assets and changes in those assets. This change in net assets is important because it tells the reader that the financial position, for the District as a whole has improved or diminished. The causes of this change may be the result of many factors. 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, operating maintenance of plant services, student transportation, and extracurricular activities.
- **Business-Type Activities** - 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

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 to 56 of this report.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

TABLE 1 - NET ASSETS

Description	Governmental Activities		Business-Type Activities	
	2010	2011	2010	2011
ASSETS -				
Current assets	\$ 2,733,890	\$ 3,436,963	\$ 64,192	\$ 87,694
Capital assets, net	11,508,184	11,662,297	21,601	42,607
Total assets	\$ 14,242,074	\$ 15,099,260	\$ 85,793	\$ 130,301
LIABILITIES -				
Current liabilities	\$ 854,856	\$ 725,794	\$ 4,257	\$ 32
Noncurrent liabilities	841,056	1,009,341	-	-
Total liabilities	\$ 1,695,912	\$ 1,735,135	\$ 4,257	\$ 32
NET ASSETS -				
Invested in capital assets, net of related debt	\$ 11,508,184	\$ 11,662,297	\$ 21,601	\$ 42,607
Restricted	2,452,655	2,991,983	-	-
Unrestricted	(1,414,677)	(1,290,155)	59,935	87,662
Total net assets	\$ 12,546,162	\$ 13,364,125	\$ 81,536	\$ 130,269
Total liabilities and net assets	\$ 14,242,074	\$ 15,099,260	\$ 85,793	\$ 130,301

The District's combined net assets were \$13,494,394 on June 30, 2011. This was an increase of 6.86% percent from the prior year.

Table 2 shows changes in net assets for fiscal year 2011 and 2010.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

**TABLE 2
CHANGES IN NET ASSETS**

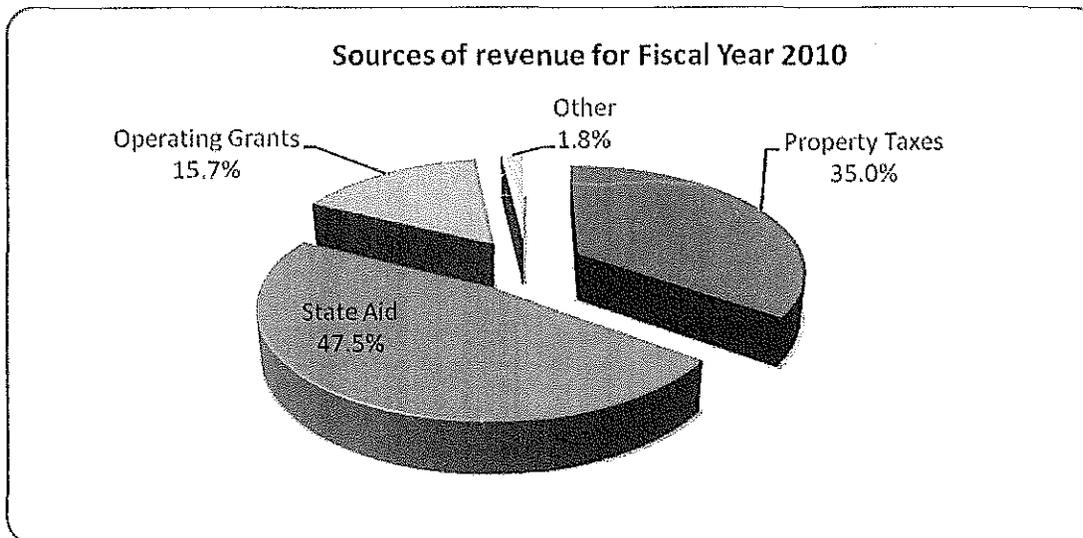
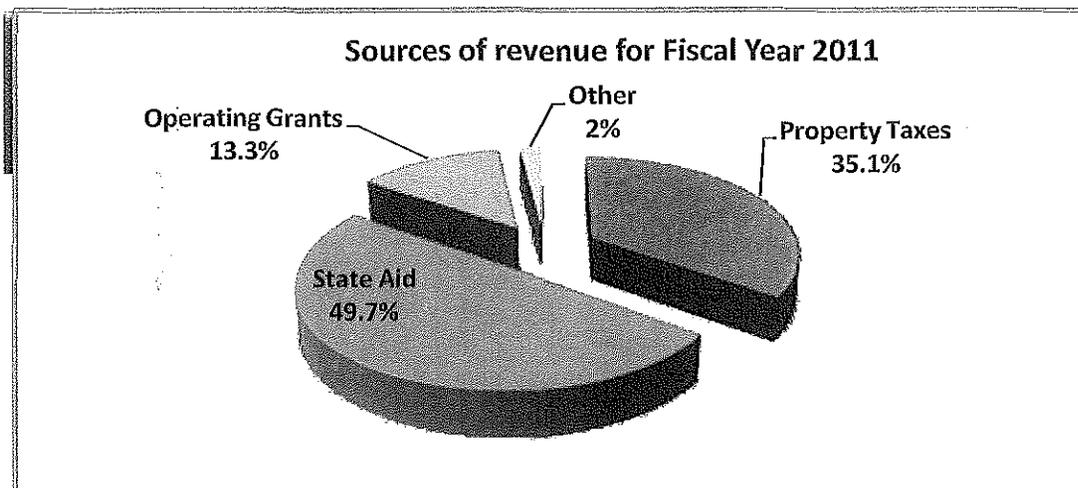
Description	Governmental Activities		Business-Type Activities	
	2010	2011	2010	2011
REVENUES -				
Program Revenues:				
Charges for services	\$ -	\$ -	\$ 142,273	\$ 183,601
Operating grants & contributions	3,087,639	2,657,941	285,705	279,361
General Revenues:				
Property Taxes	6,889,889	7,016,889	-	-
Grants & entitlements	9,808,226	9,933,649	-	-
Other	362,500	396,379	182	592
Disposal of Fixed Assets	(455,618)	-	-	5,274
Total Revenues	\$ 19,692,636	\$ 20,004,858	\$ 428,160	\$ 468,828
EXPENSES -				
Instruction	\$ 8,013,169	\$ 7,568,809	\$ -	\$ -
Tuition	1,386,051	1,906,476	-	-
Related services	2,397,490	1,897,554	-	-
General administration	1,122,139	1,165,275	-	-
Central services	504,243	336,873	-	-
Operations & maintenance	1,470,316	1,303,527	-	-
Transportation	404,517	407,000	-	-
Other Objects	-	10,789	-	-
Employee benefits	4,397,603	4,511,837	-	-
Food service	-	-	393,400	420,095
Increase in compensated absences	(139,928)	(82,467)	-	-
Other	137,586	161,222	-	-
Total Expenses	\$ 19,693,186	\$ 19,186,895	\$ 393,400	\$ 420,095
Incr. in Net Assets before Transfe	\$ (550)	\$ 817,963	\$ 34,760	\$ 48,733
Changes in Net Assets	\$ (550)	\$ 817,963	\$ 34,760	\$ 48,733
Net Assets - July 1	12,546,712	12,546,162	46,776	81,536
Net Assets - June 30	\$ 12,546,162	\$ 13,364,125	\$ 81,536	\$ 130,269

MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ

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

Governmental Activities

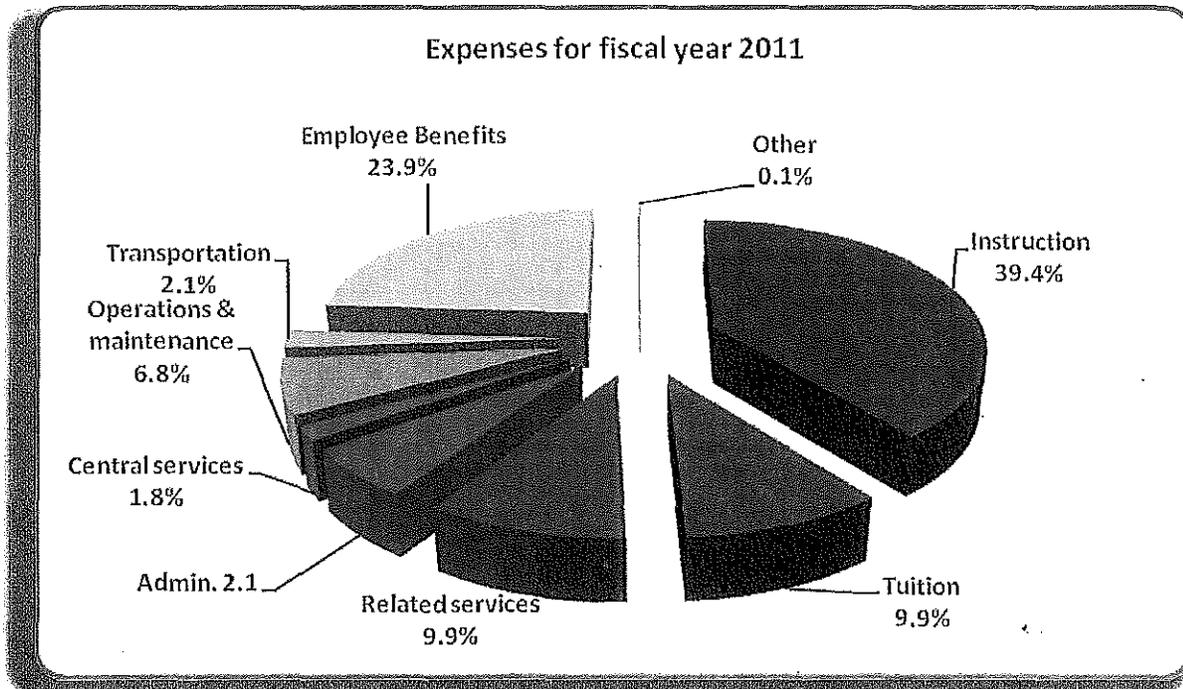
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes made up 35 percent of revenues for fiscal year 2011 and 35 percent for fiscal year 2010. The District's total revenue for governmental activities was \$20,004,858 for the year ended June 30, 2011. Federal and state aid, accounted for another 63% percent of revenue.



The total cost of all programs and services was \$19,186,895. Instruction and benefits comprised 63.3% of all District expenses.

MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ

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



Business-Type Activities

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

- Food service revenues exceeded expenses by \$48,733.
- Charges for services represent \$183,601 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfasts, and donated commodities was \$279,361.

Governmental Activities

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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

TABLE 3 - Net Cost of Services				
Description	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 8,013,169	\$ 6,886,937	\$ 7,568,809	\$ 6,443,044
Support Services:				
Pupils and Instructional staff	3,783,541	2,938,346	3,804,030	3,394,335
Administration	1,626,382	1,626,382	1,502,148	1,502,148
Operation and Maint.	1,470,316	1,470,316	1,303,527	1,303,527
Pupil transportation	404,517	404,517	407,000	407,000
Employee benefits	4,397,603	3,281,391	4,511,837	3,389,356
Other	(2,342)	(2,342)	89,544	89,544
Total Expenses	\$ 19,693,186	\$ 16,605,547	\$ 19,186,895	\$ 16,528,954

- Instruction expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching students, including curriculum and staff development.
- Administration includes all expenses associated with the administrative and fiscal supervision of the school district.
- Operations and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.
- 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.
- Employee benefits represent all health, dental, pensions, other fringe benefits and taxes applicable to all salaries of the district.
- "Other" includes special schools, transfers to charter schools, and other miscellaneous items.

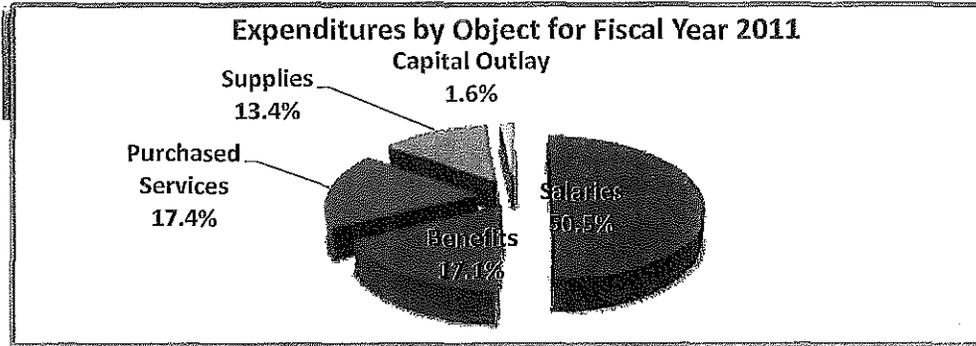
The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$20,299,638 and expenditures were \$19,423,475 in 2011. The net change in fund balance for the year was most significant in the General Fund – an increase of \$876,163. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

As the graph on the following page illustrates, the largest portion of General Fund expenditures is for salaries. The District is a service entity and as such is labor intensive.



**TABLE 4
Expenditures by Object for the Fiscal Year Ended June 30,**

Description	2010	2011	% change
Salaries	\$ 10,749,898	\$ 10,107,533	-6.4%
Benefits	3,457,648	3,430,467	-0.8%
Purchased Services	2,801,419	3,478,843	19.5%
Supplies	2,686,563	2,080,508	-29.1%
Capital Outlay	147,318	326,124	54.8%
Total	\$ 19,842,846	\$ 19,423,475	-2.1%

Expenditures are down \$419,371 or 2% less than the prior year due to cuts to the overall programs of the district. Cuts were primarily through salaries and benefits.

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.

Over the course of the year, the District revised the annual operating budget several times. Additionally, the District reviews current actual expenditures and compare those amounts both to prior year actual and to current year budget. Some of the comparisons bear notation:

- ❖ Medicaid reimbursement exceed budget by approximately \$17,104.
- ❖ Regular programs for instruction – budgeted expenses exceeded actual expenses by approximately \$50,939.
- ❖ Budgeted administrative costs exceeded actual by approximately \$19,819. This was achieved through efficiencies in overall district management.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

- ❖ Operation & maintenance of plant services actual costs were approximately \$167,617 less than budgeted due to the utilization of purchasing through Co-operatives.
- ❖ Employee Benefits actual expenditures were \$160,049 less than budgeted due to a lower than anticipated unemployment billing and claim expirations.
- ❖ Overall the budget projected a use of \$407,471 in fund balance where there was an actual addition to fund balance of \$740,952.

Capital Assets

At the end of the fiscal year 2011, the School District had \$11,704,904 invested in land, buildings, machinery, and equipment, net of applicable depreciation. Table 5 shows fiscal year 2011 balances compared to 2010.

**TABLE 5
Capital Assets (net of related depreciation) at June 30,**

Description	2010	2011
Governmental Activities:		
Land	\$ 9,786,500	\$ 9,786,500
Construction in progress	-	-
Buildings & improvements	5,598,710	5,598,710
Equipment	2,080,846	2,396,181
Less: Accumulated Depreciation	(5,957,872)	(6,119,094)
Governmental activities - capital assets, net	\$ 11,508,184	\$ 11,662,297
Business-Type Activities:		
Food Service Equipment	229,473	239,580
Less: Accumulated Depreciation	(207,872)	(196,973)
Business-Type Activities - capital assets, net	21,601	42,607
TOTAL ALL CAPITAL ASSETS, NET	\$ 11,529,785	\$ 11,704,904

Overall capital assets increased \$175,119 from fiscal year 2010 to fiscal year 2011. The reason for the increase in net capital assets is that the cost of putting new assets into service exceeds depreciation of assets.

For more detailed information, please refer to **Note 6** to the Basic Financial Statements.

The Road Ahead

- ✍ The Mount Holly Township School District is presently in good financial condition. The District is proud of its community support of the public schools.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MOUNT HOLLY, NJ**

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

- ✍ It is important that the District continues to support expenditures for capital maintenance of our schools.
- ✍ The Department of Education oversight and regulation is ever increasing. Now more than ever, it is important to have sound policies and procedures in place to ensure that the District is in compliance with emerging State regulations. The Business Office has been preparing a Standard Operating Procedures manual to describe in detail the business functions of the school district. Additionally, a district budget preparation manual, and purchasing manual have been prepared in draft form. These documents will assist the district in meeting its' statutory objectives as well as provide a framework from which to strengthen internal controls and increase efficiencies.
- ✍ The District has plans to increase its participation in shared service and inter-local service agreements over the coming year. The district recently joined a co-operative pricing system, and is examining additional shared collaborative services with Mount Holly Township.
- ✍ The Mount Holly Township redevelopment plan is expected to get underway within the next fiscal year. Mount Holly Township has been in contact with District administrators to discuss the School District's role in the success of that plan. This collaborative process should yield benefits to the district in the form of new jobs, economic stability, and new students.
- ✍ The District administrative team and Board of Education must work diligently to come up with new ideas for revenues and streamline expenditures. In this time of shrinking revenues it is a moral imperative that education be at the forefront of decisions made

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, bond holders, and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the School Business Administrator at the Mount Holly Township Administration wing of the F.W. Holbein Middle School at 331 Levis Drive, Mount Holly, New Jersey 08060, or please visit our website at www.mtholly.k12.nj.us.

BASIC FINANCIAL STATEMENTS



A. District-Wide Financial Statements

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

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$585,204	59,841	645,045	989,904
Receivables, Net	692,399	27,853	720,252	632,239
Restricted Assets:				
Cash & Cash Equivalents	2,159,360		2,159,360	1,175,939
Capital Assets, Net (Note 6)	11,662,297	42,607	11,704,904	11,529,785
Total Assets	15,099,260	130,301	15,229,561	14,327,867
LIABILITIES				
Accounts Payable	98,524	32	98,556	185,747
Interfund Payable				2,752
Payable to State Government	19,866		19,866	40,053
Deferred Revenue	563,376		563,376	630,561
Noncurrent Liabilities (Note 8):				
Due Within One Year	44,028		44,028	
Due Beyond One Year	1,009,341		1,009,341	841,056
Total Liabilities	1,735,135	32	1,735,167	1,700,169
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	11,662,297	42,607	11,704,904	11,529,785
Restricted For:				
Other Purposes	2,991,983		2,991,983	2,452,655
Unrestricted	(1,290,155)	87,662	(1,202,493)	(1,354,742)
Total Net Assets	\$13,364,125	130,269	13,494,394	12,627,698

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

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Governmental Activities:							
Instruction:							
Regular	\$5,519,336		1,125,765	(4,393,571)		(4,393,571)	(4,666,886)
Special Education	1,634,138			(1,634,138)		(1,634,138)	(1,737,377)
Other Instruction	415,335			(415,335)		(415,335)	(482,674)
Support Services & Undistributed Costs:							
Tuition	1,906,476			(1,906,476)		(1,906,476)	(1,386,051)
Student & Instruction Related Services	1,897,554		409,695	(1,487,859)		(1,487,859)	(1,552,295)
General Administrative Services	454,401			(454,401)		(454,401)	(414,840)
School Administrative Services	710,874			(710,874)		(710,874)	(707,299)
Central Services	336,873			(336,873)		(336,873)	(504,243)
Plant Operations & Maintenance	1,303,527			(1,303,527)		(1,303,527)	(1,470,316)
Pupil Transportation	407,000			(407,000)		(407,000)	(404,517)
Other Objects	10,789			(10,789)		(10,789)	
Unallocated Employee Benefits	4,511,837		1,122,481	(3,389,356)		(3,389,356)	(3,281,391)
Increase/(Decrease) in Compensated Absences - Unallocated							
	(82,467)			82,467		82,467	139,928
Unallocated Depreciation & Amortization							
	161,222			(161,222)		(161,222)	(137,586)
Total Governmental Activities	19,186,895		2,657,941	(16,528,954)		(16,528,954)	(16,605,547)
Business-Type Activities:							
Food Service	420,095	183,601	279,361		42,867	42,867	34,578
Total Business-Type Activities	420,095	183,601	279,361		42,867	42,867	34,578

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

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						(MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Total Primary Government	\$19,606,990	183,601	2,937,302	(16,528,954)	42,867	(16,486,087)	(16,570,969)
General Revenues:							
Taxes:							
Taxes Levied for General Purposes				7,016,889		7,016,889	6,889,889
Federal & State Aid Not Restricted				9,933,649		9,933,649	9,808,226
Adjust to Fixed Assets					5,274	5,274	(455,618)
Tuition				283,447		283,447	222,341
Investment Earnings				36,787	592	37,379	5,106
Miscellaneous Income				76,145		76,145	135,235
Total General Revenues, Special Items, Extraordinary Items & Transfers				17,346,917	5,866	17,352,783	16,605,179
Change In Net Assets				817,963	48,733	866,696	34,210
Net Assets - Beginning				12,546,162	81,536	12,627,698	12,593,488
Net Assets - Ending				\$13,364,125	130,269	13,494,394	12,627,698

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

B. Fund Financial Statements

Governmental Funds

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

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$313,153	272,051	585,204	960,071
Receivables, Net	246,185	445,873	692,058	597,880
Interfund Receivable	58,150		58,150	38,402
Restricted Cash & Cash Equivalents	2,159,360		2,159,360	1,175,939
Total Assets	\$2,776,848	717,924	3,494,772	2,772,292
LIABILITIES & FUND BALANCES				
Liabilities:				
Interfund Payable		57,809	57,809	41,154
Accounts Payable	21,651	76,873	98,524	185,716
Intergovernmental Account Payable:				
State		19,866	19,866	34,492
Federal				5,561
Deferred Revenue		563,376	563,376	626,335
Total Liabilities	21,651	717,924	739,575	893,258
Fund Balances:				
Restricted for:				
Excess Surplus	420,968		420,968	411,655
Capital Reserve Account	1,468,436		1,468,436	1,175,939
Emergency Reserve	250,000		250,000	200,000
Maintenance Reserve	440,924		440,924	250,000
Excess Surplus - Prior Year Designated for Subsequent Year's Expenditures	411,655		411,655	407,471
Unassigned:				
General Fund	(236,786)		(236,786)	(566,031)
Total Fund Balances	2,755,197		2,755,197	1,879,034
Total Liabilities & Fund Balances	\$2,776,848	717,924		
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,781,391 and the accumulated depreciation is \$6,119,094.				
			11,662,297	11,508,184
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 Illustrative Note 8)				
			(1,053,369)	(841,056)
Net assets of Governmental Activities			\$13,364,125	12,546,162

See Accompanying Notes to Financial Statements

**MOUNT HOLLY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Revenues:				
Local Sources:				
Local Tax Levy	\$7,016,889		7,016,889	6,889,889
Tuition Charges	283,447		283,447	222,341
Interest Earned	36,787		36,787	4,924
Miscellaneous	76,017	128	76,145	135,235
Total Local Sources	7,413,140	128	7,413,268	7,252,389
State Sources	11,005,214	267,275	11,272,489	10,014,910
Federal Sources	51,044	1,268,057	1,319,101	2,880,955
Total Revenues	18,469,398	1,535,460	20,004,858	20,148,254
Expenditures:				
Current:				
Regular Instruction	4,402,571	1,116,765	5,519,336	5,793,118
Special Education Instruction	1,634,138		1,634,138	1,737,377
Other Instruction	415,335		415,335	482,674
Support Services & Undistributed Costs:				
Tuition	1,906,476		1,906,476	1,386,051
Student & Instruction Related Services	1,487,859	409,695	1,897,554	2,397,490
General Administrative Services	454,401		454,401	414,840
School Administrative Services	710,874		710,874	707,299
Central Services	336,873		336,873	504,243
Plant Operations & Maintenance	1,303,527		1,303,527	1,470,316
Pupil Transportation	407,000		407,000	404,517
Unallocated Employee Benefits	4,511,837		4,511,837	4,397,603
Capital Outlay	317,124	9,000	326,124	147,318
Total Expenditures	17,888,015	1,535,460	19,423,475	19,842,846
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	581,383		581,383	305,408
Other Financing Sources/(Uses):				
Capital Leases - Non Budgeted	294,780		294,780	
Total Other Financing Sources/ (Uses)	294,780		294,780	
Net Change in Fund Balances	876,163		876,163	305,408
Fund Balance - July 1	1,879,034		1,879,034	1,573,626
Fund Balance - June 30	\$2,755,197	-	2,755,197	1,879,034

See Accompanying Notes to Financial Statements

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

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$876,163

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	(\$161,222)	
Capital Outlay	315,335	154,113

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of Capital Lease (294,780)

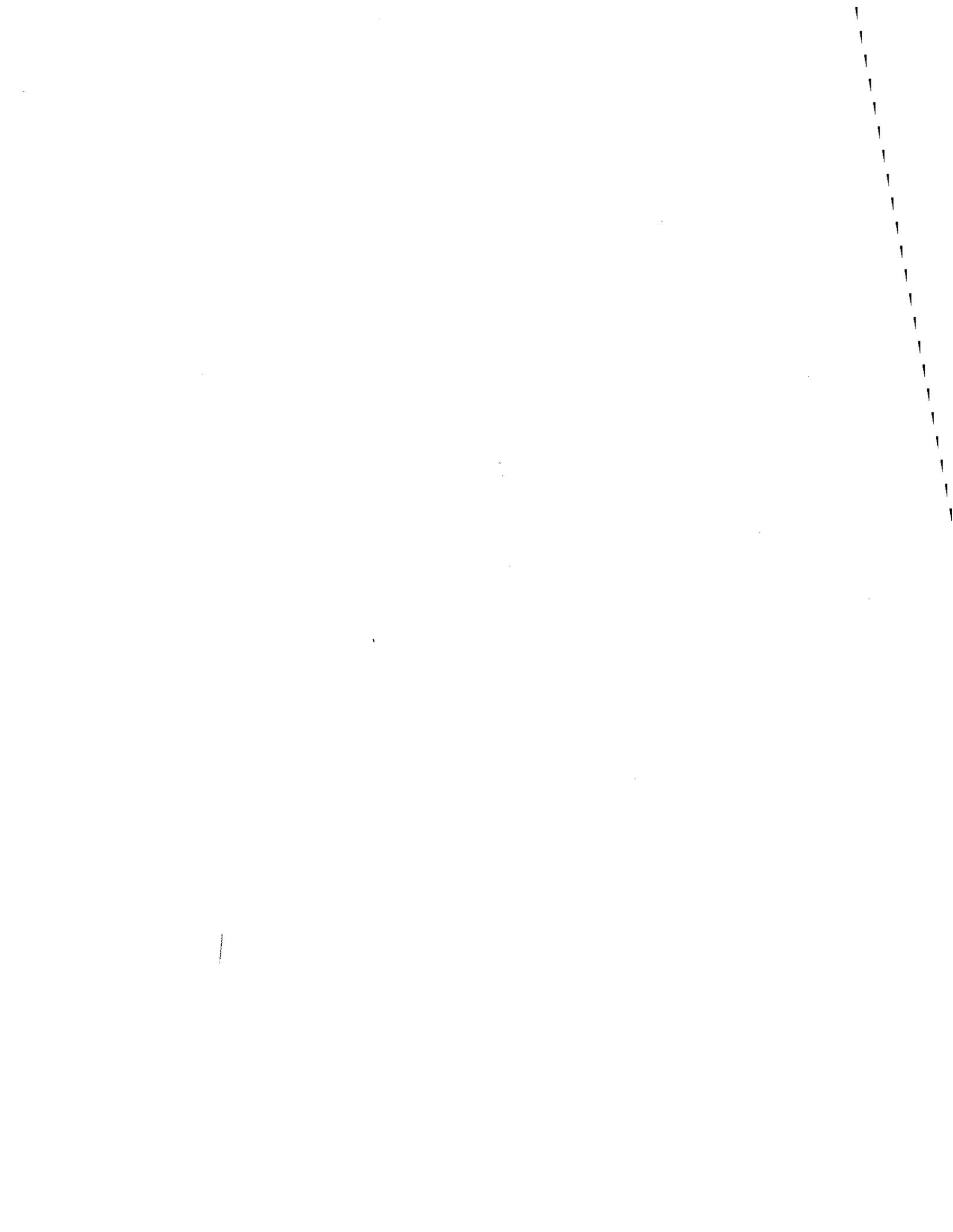
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount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

Current Year 82,467

Change in Net Assets of Governmental Activities \$817,963



Proprietary Funds



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

ASSETS	BUSINESS-TYPE	TOTALS	
	ACTIVITIES - ENTERPRISE FUND	(MEMORANDUM ONLY)	
	FOOD SERVICE FUND	JUNE 30, 2011	JUNE 30, 2010
ASSETS			
Current Assets:			
Cash	\$59,841	59,841	29,833
Accounts Receivables	13,424	13,424	21,954
Accounts Receivable - Other	1,970	1,970	
Inventories	12,459	12,459	12,405
Total Current Assets	87,694	87,694	64,192
Noncurrent Assets:			
Equipment	239,580	239,580	229,473
Less: Accumulated Depreciation	(196,973)	(196,973)	(207,872)
Total Noncurrent Assets	42,607	42,607	21,601
Total Assets	130,301	130,301	85,793
LIABILITIES			
Accounts Payable	32	32	31
Deferred Revenue			4,226
Total Liabilities	32	32	4,257
NET ASSETS			
Invested in Capital Assets	42,607	42,607	21,601
Unrestricted	87,662	87,662	59,935
Total Net Assets	\$130,269	130,269	81,536

See Accompanying Notes to Financial Statements

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE FUND	JUNE 30, 2011	JUNE 30, 2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$95,539	95,539	104,321
Daily Sales - Non-Reimbursable Programs	34,052	34,052	30,475
Satellite Lunch Program - Westampton	42,997	42,997	
Special Functions	11,013	11,013	7,477
			<hr/>
Total Operating Revenues	183,601	183,601	142,273
			<hr/>
Operating Expenses:			
Salaries & Benefits	168,537	168,537	163,853
Supplies	13,147	13,147	14,382
Depreciation			5,332
Management Fee	15,450	15,450	15,450
Cost of Sales	216,710	216,710	193,202
Direct Services	6,251	6,251	1,181
			<hr/>
Total Operating Expenses	420,095	420,095	393,400
			<hr/>
Operating Income/(Loss)	(236,494)	(236,494)	(251,127)
			<hr/>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	5,706	5,706	9,263
State School Breakfast Program			2,595
Federal Sources:			
National School Lunch Program	206,434	206,434	203,613
National School Breakfast Program	32,662	32,662	37,060
Special Milk Program	951	951	
Food Distribution Program	22,304	22,304	33,174
NSLP Equipment Assistance Grant	11,304	11,304	
Local Sources:			
Gain on Adjustment to Fixed Assets	5,274	5,274	
Interest Revenue	592	592	182
			<hr/>
Total Nonoperating Revenues/(Expenses)	285,227	285,227	285,887
			<hr/>
Change in Net Assets	48,733	48,733	34,760
Total Net Assets - Beginning	81,536	81,536	46,776
			<hr/>
Total Net Assets - Ending	\$130,269	130,269	81,536
			<hr/> <hr/>

See Accompanying Notes to Financial Statements

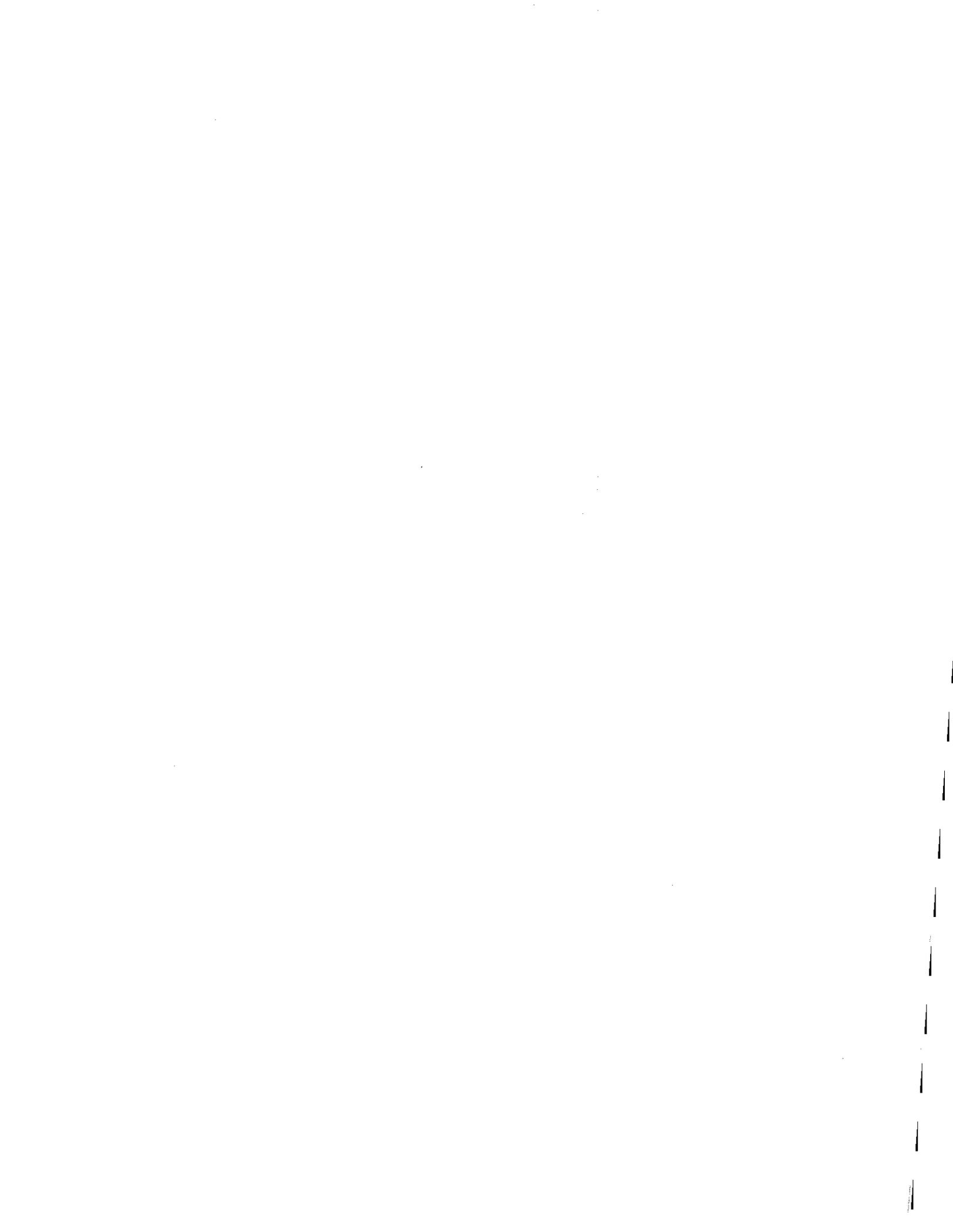
**MOUNT HOLLY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE		TOTALS	
	FUND	(MEMORANDUM ONLY)		
	FOOD SERVICE FUND	JUNE 30, 2011	JUNE 30, 2010	
Cash Flows From Operating Activities:				
Receipts from Customers	\$177,405	177,405		141,266
Payments to Employees	(168,537)	(168,537)		(163,853)
Payments to Suppliers	(229,307)	(229,307)		(190,111)
Net Cash Provided/(Used) by Operating Activities	(220,439)	(220,439)		(212,698)
Cash Flows From Noncapital Financing Activities:				
Cash Received from State & Federal Reimbursements	254,283	254,283		244,635
Net Cash Provided/(Used) by Noncapital Financing Activities	254,283	254,283		244,635
Cash Flows From Capital & Related Financing Activities:				
Purchases of Capital Assets	(4,428)	(4,428)		
Net Cash Provided/(Used) by Noncapital Financing Activities	(4,428)	(4,428)		
Cash Flows From Investing Activities:				
Interest & Dividends	592	592		182
Net Cash Provided/(Used) by Investing Activities	592	592		182
Net Increase/(Decrease) in Cash & Cash Equivalents	30,008	30,008		32,119
Balances - Beginning of Year	29,833	29,833		(2,286)
Balances - End of Year	\$59,841	59,841		29,833

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

Operating Income/(Loss)	(\$236,494)	(236,494)		(251,127)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Depreciation				5,332
Food Distribution Program	22,304	22,304		33,174
(Increase)/Decrease in Receivables	(1,970)	(1,970)		128
(Increase)/Decrease in Inventories	(54)	(54)		899
Increase/(Decrease) in Accounts Payable	1	1		31
Increase/(Decrease) in Deferred Revenues	(4,226)	(4,226)		(1,135)
Total Adjustments	16,055	16,055		38,429
Net Cash Provided/(Used) by Operating Activities	(\$220,439)	(220,439)		(212,698)

See Accompanying Notes to Financial Statements



Fiduciary Funds

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

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST		TOTALS (MEMORANDUM ONLY)	
		AGENCY FUND	JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$333	107,794	108,127	499,289
Interfund				8,606
Total Assets	333	107,794	108,127	507,895
LIABILITIES				
Payroll Deductions & Withholdings		100,910	100,910	442,378
Interfund Payable		341	341	5,852
Due to Student Groups		6,543	6,543	5,996
Total Liabilities		107,794	107,794	454,226
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	333		333	53,669
Total Net Assets	\$333	-	333	53,669

See Accompanying Notes to Financial Statements

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

	PRIVATE PURPOSE	TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	(MEMORANDUM ONLY) JUNE 30, 2011	JUNE 30, 2010
ADDITIONS:			
Contributions:			
Employee Contributions			19,082
Total Contributions			19,082
Investment Earnings:			
Net Investment Earnings	\$333	333	101
Total Investment Earnings	333	333	101
Total Additions	333	333	19,183
DEDUCTIONS:			
Unemployment Claims	53,669	53,669	
Total Deductions	53,669	53,669	
Change in Net Assets	(53,336)	(53,336)	19,183
Net Assets - Beginning of the Year	53,669	53,669	34,486
Net Assets - End of the Year	\$333	333	53,669

See Accompanying Notes to Financial Statements

**MOUNT HOLLY SCHOOL DISTRICT
BOARD OF EDUCATION**

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

MOUNT HOLLY BOARD OF EDUCATION

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

Note 1. Summary of Significant Accounting Policies

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

The District implemented these standards beginning with the fiscal year-ending June 30, 2004. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the basic financial statements.

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

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

A. Reporting Entity

The Mount Holly Board of Education is a Type II District located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that members' terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as, special education for handicapped youngsters. The District is comprised of three elementary schools located in Mount Holly. The Mount Holly Board of Education has an approximate enrollment at June 30, 2011 of 993 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:

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

A. Reporting Entity (continued):

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

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

B. District-Wide and Fund Financial Statements

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

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

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

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

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

D. Fund Accounting

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

Governmental Funds

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

D. Fund Accounting (continued):

As required by the New Jersey Department of Education, Mount Holly Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

Proprietary Fund

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

D. Fund Accounting (continued):

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

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

Food Service Fund:	
Equipment	5-7 Years
Light Trucks & Vehicle	7 Years
Heavy Trucks & Vehicle	7 Years

Fiduciary Fund

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

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

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

E. Basis of Accounting

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

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

E. Basis of Accounting (continued):

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

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

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

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

F. Budgets/Budgetary Control

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

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

F. Budgets/Budgetary Control (continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America 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.

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$18,334,187	\$1,639,165
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	929,935	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(794,724)	

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

F. Budgets/Budgetary Control (continued):

	General Fund	Special Revenue Fund
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized	_____	(103,705)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$18,469,398</u>	<u>\$1,535,460</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$17,888,015</u>	<u>\$1,639,165</u>
Differences – Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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.	_____	(103,705)
Total expenditures as reported on the statement of Revenues, expenditures and changes in fund balances – governmental funds	<u>\$17,888,015</u>	<u>\$1,535,460</u>

G. Encumbrances

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

H. Cash, Cash Equivalents and Investments

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

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

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

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

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Mount Holly Board of Education and that are due within one year.

J. Fixed Assets

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

J. Fixed Assets (continued):

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Site Improvements	10-20 Years
Building & Building Improvements	10-20 Years
Furniture & Equipment	5-20 Years
Vehicles	5-20 Years
Infrastructure	30 Years

K. Accrued Salaries and Wages

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

L. Compensated Absences

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

O. Fund Equity

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

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

P. Subsequent Events:

Mount Holly Board of Education has evaluated subsequent events occurring after June 30, 2011 through the date of September 2, 2011, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents and Investments

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

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$2,912,532</u>
Total Deposits	<u>\$2,912,532</u>
The District's Cash & Cash Equivalents are Reported as Follows:	
Government Activities	\$2,744,564
Business-Type Activities	59,841
Fiduciary Fund	<u>108,127</u>
Total Cash & Cash Equivalents	<u>\$2,912,532</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$3,402,033 at June 30, 2011. Of the bank balance \$250,000 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$3,152,033 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

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

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

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

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

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

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

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

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

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

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

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

Note 4. Capital Reserve Account

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

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

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

Beginning Balance, July 1, 2010	\$1,175,939
Increase from transfer from Unreserved Fund Balance	275,000
Interest Earnings	<u>17,497</u>
Ending Balance, June 30, 2011	<u>\$1,468,436</u>

Note 5. Transfers to Capital Outlay

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

Note 6. Fixed Assets

The following schedule is a summarization of the general fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2011:

Governmental Activities:	June 30,		Adjustments/	June 30,
	2010	Additions	Disposals	2011
Capital Assets Not Being Depreciated:				
Land	\$ 9,786,500		\$ -	\$ 9,786,500
Capital Assets Being Depreciated:				
Site Improvements	530,080			530,080
Building & Building Improvements	5,068,630			5,068,630
Equipment	<u>2,080,846</u>	<u>\$315,335</u>		<u>2,396,181</u>
Less: Accumulated Depreciation	<u>(5,957,872)</u>	<u>(161,222)</u>		<u>(6,119,094)</u>

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 6. Fixed Assets (continued):

Governmental Activities (continued):	June 30, 2010	Additions	Adjustments/ Disposals	June 30, 2011
Total Assets Being Depreciated, Net	1,721,684	154,113		1,875,797
Governmental Activities Capital Assets, Net	<u>\$11,508,184</u>	<u>\$154,113</u>	<u>\$ -</u>	<u>\$11,662,297</u>
 Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$229,473	\$15,732	\$ (5,625)	\$239,580
Less: Accumulated Depreciation	<u>(207,872)</u>		<u>10,899</u>	<u>(196,973)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,601</u>	<u>\$15,732</u>	<u>\$ 5,274</u>	<u>\$ 42,607</u>

Note 7. Receivables

Receivables at June 30, 2011 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectable in full due to the stable condition of the other governmental units, State programs and the current year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and proprietary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$205,986		\$ 574	\$206,560
Federal Aid	27,882	\$448,712	12,850	489,444
Other	<u>12,317</u>		<u>1,970</u>	<u>14,287</u>
Total	<u>\$246,185</u>	<u>\$448,712</u>	<u>\$15,394</u>	<u>\$710,291</u>

Note 8. Long-Term Obligations

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 8. Long-Term Obligations (continued):

	Balance 6/30/10	Increase/ (Decrease)	Balance 6/30/11	Due Within One Year
Capital Lease Payable		\$294,780	\$ 294,780	\$44,028
Compensated Absences Payable	\$841,056	(82,467)	758,589	
Total	<u>\$841,056</u>	<u>\$212,313</u>	<u>\$1,053,369</u>	<u>\$44,028</u>

Note 9. Pension Plans

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A. 43:15A* and *43.3B* and *N.J.S.A. 18A: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

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED JUNE 30, 2011

Note 9. Pension Plans (continued):

to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 9. Pension Plans (continued):

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$189,874	100%	\$ -0-
6/30/10	167,211	100%	-0-
6/30/09	153,485	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$526,397	100%	\$ -0-
6/30/10	486,722	100%	-0-
6/30/09	527,235	100%	-0-

During the year ended June 30, 2011 the State of New Jersey contributed \$526,397 to the TPAF for normal and 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 \$596,084 for the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the Basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 10. Post-Retirement Benefits

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 10. Post-Retirement Benefits (continued):

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

Note 11. 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 all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

A complete schedule of insurance coverage can be found in the “Statistical Section” of the report.

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

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2010-2011	\$ None	\$ None	\$333	\$53,669	\$ 333
2009-2010	None	19,082	101	None	53,669
2008-2009	60,000	33,055	100	75,382	34,486

Note 12. Contingencies

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

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED JUNE 30, 2011

Note 13. Economic Dependency

The District participates in numerous state and federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the District's future operation is not yet determinable.

Note 14. GASB #54 -- Fund Balance Disclosure

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

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

General Fund – of the \$2,755,197 General Fund fund balance at June 30, 2011, \$1,468,436 has been restricted for the Capital Reserve Account; \$250,000 has been restricted for the Emergency Reserve Account; \$440,924 has been restricted for the Maintenance Reserve Account; \$411,655 is restricted for excess surplus designated for subsequent years expenditures; \$420,968 is restricted for excess surplus; \$0 is assigned to designated by the Board of Education for subsequent year's expenditures, \$0 is assigned to other purposes and \$(236,786) is unassigned.

Note 15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2011:

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 15. Interfund Receivables and Payables (continued):

Fund	Interfund Receivable	Interfund Payable
General Fund	\$58,150	
Special Revenue Fund		\$57,809
Trust & Agency Fund	_____	____341
Total	<u>\$58,150</u>	<u>\$58,150</u>

The purpose of the interfunds are short-term borrowings.

Note 16. Deferred Compensation

The District 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 District has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for these plans. All amounts of compensation deferred under the plans, all property and rights purchases with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and are not subject to claims of the District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements. The plan administrators are as follows:

Lincoln Investments	Equitable
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Note 17. Compensated Absences

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

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

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

Note 17. Compensated Absences (continued):

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2011 is \$758,589.

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 18. Deficit Unrestricted Net Assets

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$(1,290,155) existed as of June 30, 2011 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events that place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

Note 19. Deficit Fund Balance

The District has a deficit fund balance of \$(236,786) in the General Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). *P.L. 2003, C97* provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for schools districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes as asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 19. Deficit Fund Balance (continued):

state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit for the general fund in the GAAP funds statements of \$236,786 is less than the last two state aid payments of \$794,724.

Note 20. Calculation of Excess Surplus

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$420,968.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Revenues:										
Local Sources:										
Local Tax Levy	10-1210	\$7,016,889		7,016,889	7,016,889		6,889,889		6,889,889	6,889,889
Interest on Capital Reserve	10-1XXX	5,000		5,000	17,496	12,496				4,924
Tuition	10-1300				283,447	283,447	30,000		30,000	222,341
Other Restricted Miscellaneous	10-1XXX	24,000		24,000	19,291	(4,709)				
Unrestricted Miscellaneous	10-1XXX	41,000		41,000	76,017	35,017	55,000		55,000	135,235
Total Local Sources		7,086,889		7,086,889	7,413,140	326,251	6,974,889		6,974,889	7,252,389
State Sources:										
Categorical Transportation Aid	10-3121	135,776		135,776	135,776		120,981		120,981	78,638
Categorical Special Education Aid	10-3132	494,395		494,395	494,395		505,221		505,221	505,221
Equalization Aid	10-3176	7,717,973		7,717,973	7,717,973		7,706,036	(1,398,230)	6,307,806	6,307,806
Categorical Security Aid	10-3177	254,948		254,948	254,948		245,962		245,962	237,355
Adjustment Aid	10-3178	967,034		967,034	967,034		1,882,656		1,882,656	1,223,726
Extraordinary Aid	10-3131	11,500		11,500	37,129	25,629	23,000		23,000	40,827
Other State Aid -										
Homeless Reimbursement	10-3xxx				135,221	135,221				
Nonpublic School Transportation					5,046	5,046				3,383
Nonbudgeted:										
On-Behalf TPAF Pension Contributions					526,397	526,397				486,722
Reimbursed TPAF Social Security Contributions					596,084	596,084				629,490
Total State Sources		9,581,626		9,581,626	10,870,003	1,288,377	10,483,856	(1,398,230)	9,085,626	9,513,168
Federal Sources:										
ARRA - ESF								1,346,120	1,346,120	1,346,120
ARRA - GSF								52,110	52,110	52,110
Medicaid Reimbursement	10-4200	33,940		33,940	51,044	17,104	32,763		32,763	58,088
Total Federal Services		33,940		33,940	51,044	17,104	32,763	1,398,230	1,430,993	1,456,318
Total Revenues		16,702,455		16,702,455	18,334,187	1,631,732	17,491,508		17,491,508	18,221,875

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Pre-Kindergarten	11-105-100-101					254,701	(1,021)	253,680		253,680	
Kindergarten	11-110-110-101	292,928	52,916	345,844	345,844	362,983	47,608	410,591	410,591		
Grades 1 - 5	11-120-100-101	2,241,932	(88,625)	2,153,307	2,110,199	43,108	2,391,803	(128,718)	2,263,085	2,192,636	70,449
Grades 6 - 8	11-130-100-101	1,486,141	(21,104)	1,465,037	1,457,206	7,831	1,480,635		1,480,635	1,479,189	1,446
Regular Programs - Home Instruction:											
Salaries of Teachers	11-150-100-101	4,000		4,000	3,190	810	8,400	9,000	17,400	15,110	2,290
Purchased Professional & Educational Services	11-150-100-320	1,500		1,500	1,333	167	2,400	5,240	7,640	4,360	3,280
Regular Programs - Undistributed:											
Other Salaries for Instruction	11-190-100-106	177,416	14,127	191,543	154,599	36,944	214,672	7,142	221,814	197,022	24,792
Purchased Professional & Educational Services	11-190-100-320	99,600	4,000	103,600	103,600		179,469	11,126	190,595	156,184	34,411
Purchased Technical Services	11-190-100-340	45,800	5,000	50,800	50,566	234	127,250	(125,407)	1,843	1,708	135
Other Purchased Services	11-190-100-500	144,182	(100,191)	43,991	43,395	596	233,290	(19,808)	213,482	156,788	56,694
General Supplies	11-190-100-610	169,039	(33,778)	135,261	131,057	4,204	140,246	(19,506)	120,740	113,670	7,070
Textbooks	11-190-100-640	37,128	(35,546)	1,582	1,582		17,500	1,155	18,655	14,565	4,090
Total Instruction - Regular Programs		4,699,666	(203,201)	4,496,465	4,402,571	93,894	5,413,349	(213,189)	5,200,160	4,741,823	458,337
Special Education:											
Learning and/or Language Disabilities											
Purchased Professional & Educational Services											
General Supplies	11-204-100-610						24,029	(24,029)			
Other Objects	11-204-100-800						762	(664)	98	98	
Total Learning and/or Language Disabilities							24,796	(24,698)	98	98	
Behavioral Disabilities:											
Purchased Professional & Educational Services											
General Supplies	11-209-100-610						18,729	(18,729)			
Other Objects	11-209-100-800						1,435	(1,435)			
Total Behavioral Disabilities							20,407	(20,407)			

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

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	61,348		61,348	61,348		54,227	1,142	55,369	55,369	
Other Salaries for Instruction	11-212-100-106	19,874	(617)	19,257	19,257		22,612		22,612	22,612	
Purchased Professional & Educational Services	11-212-100-320	21,000		21,000	21,000		20,980		20,980	20,980	
General Supplies	11-212-100-610						810		810	618	192
Other Objects	11-212-100-800						324		324		324
Total Multiple Disabilities		102,222	(617)	101,605	101,605		98,953	1,142	100,095	99,579	516
Resource Room/Center:											
Salaries of Teachers	11-213-100-101	1,321,610	(21,771)	1,299,839	1,298,242	1,597	1,444,672	2,974	1,447,646	1,391,498	56,148
Other Salaries for Instruction	11-213-100-106	175,383	30,071	205,454	193,759	11,695	186,787	24	186,811	185,284	1,527
Purchased Professional & Educational Services	11-213-100-320	40,000		40,000	39,827	173	15,750	43,128	58,878	58,878	
General Supplies	11-213-100-610	3,286	(2,559)	727	705	22	2,496	2,038	4,534	2,040	2,494
Other Objects	11-213-100-800	324	(324)				524	49	573		573
Total Resource Room/Center		1,540,603	5,417	1,546,020	1,532,533	13,487	1,650,229	48,213	1,698,442	1,637,700	60,742
Total Special Education		1,642,825	4,800	1,647,625	1,634,138	13,487	1,794,385	4,250	1,798,635	1,737,377	61,258
Instruction:											
Bilingual Education - Instruction:											
Salaries of Teachers	11-240-100-101	162,506		162,506	162,506		159,082	1,152	160,234	147,154	13,080
Other Salaries for Instruction	11-240-100-106	20,261	(15,587)	4,674		4,674	23,062	(813)	22,249	22,249	
Purchased Professional & Educational Services	11-240-200-320	1,000		1,000		1,000	2,500	(1,277)	1,223	1,223	
General Supplies	11-240-100-610	500	230	730	730			1,194	1,194	1,194	
Total Bilingual Education - Instruction		184,267	(15,357)	168,910	163,236	5,674	184,644	256	184,900	171,820	13,080
School Sponsored Cocurricular Activities:											
Salaries of Teachers	11-401-100-101	108,382	57,864	166,246	152,795	13,451	189,171	(12,090)	177,081	177,081	
Purchased Services	11-401-100-500	3,500	1,014	4,514	4,514		3,840	13,600	17,440	16,182	1,258
Supplies and Materials	11-401-100-600	1,750	2,540	4,290	4,125	165	14,600	3,405	18,005	13,944	4,061
Total School Sponsored Cocurricular Activities		113,632	61,418	175,050	161,434	13,616	207,611	4,915	212,526	207,207	5,319
School Sponsored Athletics - Instruction:											
Salaries of Teachers	11-402-100-100		8,419	8,419	8,419		21,084		21,084	21,084	

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total School Sponsored Athletics-Instruction		8,419	8,419	8,419		21,084		21,084	21,084	
Other Instructional Programs - Instruction:										
Salaries of Teachers	11-403-100-101	79,728		79,728	79,728	78,028		78,028	78,028	
Supplies and Materials	11-403-100-600	4,005	(1,409)	2,596	2,518	5,660	(126)	5,534	4,535	999
Total Other Instructional Programs - Instruction		83,733	(1,409)	82,324	82,246	83,688	(126)	83,562	82,563	999
Total Instruction		381,632	53,071	434,703	415,335	497,027	5,045	502,072	482,674	19,398
Undistributed Expenditures:										
Tuition to Other LEA's - Within State Regular	11-000-100-561		82,074	82,074	78,347		18,100	18,100	13,790	4,310
Tuition to Other LEA's - Within State Special	11-000-100-562	274,757	(144,736)	130,021	125,707	4,314	257,199	(14,510)	242,689	159,285
Tuition to County Special Services & Regular Day Schools	11-000-100-565	1,373,532	26,489	1,400,021	1,399,949	72	1,075,691	1,417	1,077,108	1,057,508
Tuition to Private Schools - Handicapped Within State	11-000-100-566	179,414	127,119	306,533	302,473	4,060	235,072	2,332	237,404	155,468
Total Undistributed Expenditures - Instruction		1,827,703	90,946	1,918,649	1,906,476	12,173	1,567,962	7,339	1,575,301	1,386,051
Attendance & Social Work Services:										
Salaries	11-000-211-100	12,315		12,315	10,928	1,387	11,950		11,950	11,950
Total Attendance & Social Work Services		12,315		12,315	10,928	1,387	11,950		11,950	11,950
Health Services:										
Salaries	11-000-213-100	192,173	9,150	201,323	201,182	141	177,518	(2,000)	175,518	175,518
Purchased Professional & Educational Services	11-000-213-300	9,800	(188)	9,612	9,612		5,700	6,063	11,763	11,260
Supplies and Materials	11-000-213-600	100	3,052	3,152	3,139	13	4,845	395	5,240	5,048
Other Objects	11-000-213-800	2,791	(2,791)							
Total Health Services		204,864	9,223	214,087	213,933	154	188,063	4,458	192,521	191,826
Other Support Services - Students - Related Services:										
Salaries	11-000-216-100	245,624		245,624	245,624		318,086		318,086	318,086
Purchased Professional & Educational Services	11-000-216-320	24,100	(19,175)	4,925	4,856	69	44,155	(4,036)	40,119	4,792
Supplies and Materials	11-000-216-600	800	(800)				1,000		1,000	1,000
Other Objects	11-000-216-800	100	(100)				200		200	200

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Other Support Services - Students - Related Services	270,624	(20,075)	250,549	250,480	69	363,441	(4,036)	359,405	322,878	36,527	
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	245,364		245,364	245,364		240,002		240,002	240,002	
Supplies and Materials	11-000-218-600	1,755	(204)	1,551	1,516	35	2,253	(433)	1,820	1,245	575
Other Objects	11-000-218-890						162		162		162
Total Other Support Services - Students - Regular		247,119	(204)	246,915	246,880	35	242,417	(433)	241,984	241,247	737
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	423,066	(38,891)	384,175	383,390	785	412,696	(20,688)	392,008	362,941	29,067
Salaries of Secretarial & Clerical Assistants	11-000-219-105	100,726	(1,000)	99,726	99,526	200	98,558		98,558	98,592	(34)
Miscellaneous Purchased Services	11-000-219-592	3,360	(1,610)	1,750	724	1,026	5,975	(212)	5,763	2,634	3,129
Supplies and Materials	11-000-219-600	3,700	(500)	3,200	2,662	538	6,975		6,975	6,725	250
Other Objects	11-000-219-800	1,350		1,350	1,274	76	3,610	40	3,650	3,593	57
Total Other Support Services - Students - Special Services		532,202	(42,001)	490,201	487,576	2,625	527,814	(20,860)	506,954	474,485	32,469
Improvement of Instructional Services:											
Salaries of Supervisor of Instruction											
Salaries of Secretarial & Clerical Assistants	11-000-221-102	42,500	4,853	47,353	47,353		53,400	4,000	57,400	57,400	
Other Purchased Services	11-000-221-105	18,355		18,355	18,354	1	15,349		15,349	15,349	
Supplies and Materials	11-000-221-500	1,307	702	2,009	2,009		1,000	1,506	2,506	1,196	1,310
Other Objects	11-000-221-600	4,400	2,587	6,987	5,897	1,090	3,000	1,278	4,278	4,201	77
	11-000-221-800		849	849	849		900		900	114	786
Total Improvement of Instructional Services		66,562	8,991	75,553	74,462	1,091	73,649	6,784	80,433	78,260	2,173
Educational Media Services/School Library:											
Salaries	11-000-222-100	53,819	(11,243)	42,576	42,576		101,197	23,187	124,384	124,384	
Supplies and Materials	11-000-222-600	18,550	3,586	22,136	17,316	4,820	19,900	10,270	30,170	28,418	1,752
Other Objects	11-000-222-800		6,287	6,287	6,287		6,480		6,480	6,420	60
Total Educational Media Services/School Library		72,369	(1,370)	70,999	66,179	4,820	127,577	33,457	161,034	159,222	1,812

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

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Instructional Staff Training Services:											
Salaries of Supervisor of Instruction	11-000-223-102	42,500	(1,153)	41,347	41,347		53,400		53,400	53,400	
Salaries of Secretarial & Clerical Assistants	11-000-223-105	18,355		18,355	18,354	1	15,349		15,349	15,349	
Purchased Professional & Educational Services	11-000-223-320	76,900	(1,551)	75,349	75,349			3,465	3,465	1,118	2,347
Other Purchased Services	11-000-223-500	4,550	(2,100)	2,450	2,341	109		2,226	2,226	2,226	
Supplies and Materials	11-000-223-600						800	(140)	660		660
Other Objects	11-000-223-800	1,750	(849)	901	30	871	200	140	340	334	6
Total Instructional Staff Training Services		144,055	(5,653)	138,402	137,421	981	69,749	5,691	75,440	72,427	3,013
Support Services - General Administration:											
Salaries	11-000-230-100	203,595	38,141	241,736	241,384	352	210,726	5,815	216,541	215,888	653
Legal Services	11-000-230-331	17,000	10,000	27,000	26,796	204	39,000	17	39,017	38,931	86
Audit Services	11-000-230-332	25,300	(5,000)	20,300	20,300		22,600	750	23,350	23,350	
Architectural/Engineering Services	11-000-230-334	2,000	169	2,169	2,169			7,442	7,442	7,442	
Other Purchased Professional Services	11-000-230-339	3,300	758	4,058	4,058		2,900	11,877	14,777	14,738	39
Communications/Telephone	11-000-230-530	18,000	58,681	76,681	59,537	17,144	5,000	6,404	11,404	11,309	95
BOE Other Purchased Services	11-000-230-585	1,650	(1,481)	169	111	58					
Other Purchased Services	11-000-230-590	84,177	3,324	87,501	87,111	390	102,677	(29,932)	72,745	71,917	828
Supplies & Materials	11-000-230-610	2,800	(730)	2,070	1,990	80	6,000	320	6,320	5,838	482
Judgements Against District	11-000-230-820	500	(74)	426	222	204		7,500	7,500	7,500	
Miscellaneous Expenditures	11-000-230-890	1,875		1,875	1,439	436	4,192	2,588	6,780	6,385	395
BOE Membership Dues & Fees	11-000-230-895	10,235		10,235	9,284	951	10,467	1,075	11,542	11,542	
Total Support Services General Administration		370,432	103,788	474,220	454,401	19,819	403,562	13,856	417,418	414,840	2,578
Support Services - School Administration:											
Salaries of Principals/Assistants											
Principals	11-000-240-103	405,300	15,913	421,213	416,186	5,027	386,200	12,087	398,287	398,287	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	274,204	10,009	284,213	277,374	6,839	290,107		290,107	290,106	1
Other Purchased Services	11-000-240-500	1,150	1,405	2,555	1,555	1,000	4,000	(3,280)	720		720
Supplies & Materials	11-000-240-600	13,900	(3,677)	10,223	9,989	234	16,709	(1,458)	15,251	14,617	634
Other Objects	11-000-240-800	3,800	1,970	5,770	5,770		3,630	1,584	5,214	4,289	925
Total Support Services School Administration		698,354	25,620	723,974	710,874	13,100	700,646	8,933	709,579	707,299	2,280
Central Services:											
Salaries	11-000-251-100	240,012	4,000	244,012	243,453	559	245,395	15,188	260,583	257,627	2,956
Purchased Professional Services	11-000-251-330	8,540	6,098	14,638	14,589	49	3,150	5,017	8,167	4,168	3,999
Miscellaneous Purchased Services	11-000-251-592	9,407	(4,149)	5,258		5,258	14,500	2,140	16,640	14,734	1,906
Supplies & Materials	11-000-251-600	9,280	742	10,022	1,038	8,984	13,000	(2,105)	10,895	8,643	2,252

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

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Central Services (continued):											
Interest on Lease Purchase Agreements	11-000-251-832						1,200	(1,200)			
Miscellaneous Expenditures	11-000-251-890	3,200	(465)	2,735	2,561	174	4,220	497	4,717	4,717	
Total Central Services		270,439	6,226	276,665	261,641	15,024	281,465	19,537	301,002	289,889	11,113
Admin Info Technology:											
Purchased Technical Services	11-000-252-340	57,628	5,517	63,145	61,045	2,100		161,422	161,422	161,397	25
Supplies & Materials	11-000-252-600	10,000	8,445	18,445	14,187	4,258		56,285	56,285	52,957	3,328
Total Admin Info Technology		67,628	13,962	81,590	75,232	6,358		217,707	217,707	214,354	3,353
Regular Maintenance School Facilities:											
Cleaning, Repairs & Maintenance Services	11-000-261-420	10,750	120,885	131,635	16,442	115,193	42,000	1,765	43,765	43,467	298
Travel	11-000-261-580							109	109	109	
General Supplies	11-000-261-610	63,435	(5,768)	57,667	36,957	20,710	60,400	79	60,479	58,857	1,622
Other Objects	11-000-261-800		60	60	60		900	900	900	756	144
Total Regular Maintenance School Facilities		74,185	115,177	189,362	53,459	135,903	103,300	1,953	105,253	103,189	2,064
Operation & Maintenance of Plant Services & School Facilities:											
Salaries	11-000-262-100	723,583	58,933	782,516	729,120	53,396	731,505	43,613	775,118	775,117	1
Salaries of Non-Instructional Aides	11-000-262-107	91,665	(5,299)	86,366	77,429	8,937	93,681	(2,500)	91,181	90,727	454
Purchased Professional & Technical Services	11-000-262-300	6,200	(666)	5,534	4,273	1,261	15,645	2,000	17,645	15,702	1,943
Cleaning, Repair & Maintenance Services	11-000-262-420	43,918		43,918	38,499	5,419	39,350	156	39,506	37,191	2,315
Rental of Land & Buildings	11-000-262-441		439	439	439						
Other Purchased Property Services	11-000-262-490	27,000		27,000	26,375	625	35,970	5,340	41,310	31,059	10,251
Insurance	11-000-262-520	600		600	215	385		300	300	290	10
Travel	11-000-262-580		126	126	126						
General Supplies	11-000-262-610	62,530	(1,900)	60,630	41,612	19,018	73,091	4,444	77,535	76,877	658
Energy (Heat & Electricity)	11-000-262-620						454,600	(454,600)			
Energy (Natural Gas)	11-000-262-621	277,600	(110,958)	166,642	112,494	54,148		210,385	210,385	135,513	74,872
Energy (Electricity)	11-000-262-622	192,581	31,374	223,955	199,947	24,008		221,450	221,450	203,901	17,549
Other Objects	11-000-262-800	1,230		1,230	810	420	1,350	(600)	750	750	

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Operation & Maintenance of Plant Services & School Facilities	1,426,907	(27,951)	1,398,956	1,231,339	167,617	1,445,192	29,988	1,475,180	1,367,127	108,053	
Care & Upkeep of Grounds:											
Cleaning, Repair, and Maintenance Service	11-000-263-420	1,900	1,900	1,900							
General Supplies	11-000-263-610	866	866	449	417						
Total Care & Upkeep of Grounds		2,766	2,766	2,349	417						
Undistributed Expenditures- Security:											
Cleaning, Repair, and Maintenance Service	11-000-266-420	22,850	22,850	15,759	7,091						
General Supplies	11-000-266-610	1,950	1,950	621	1,329						
Total Security		24,800	24,800	16,380	8,420						
Student Transportation Services:											
Management Fee - ESC & CTSA Transportation Program	11-000-270-350	30,000	(6,400)	23,600	17,223	6,377	23,000	2,424	25,424	20,473	4,951
Contracted Services (Between Home & School) - Vendors	11-000-270-512	10,890		10,890	8,740	2,150	9,900		9,900	4,994	4,906
Contracted Services (Special Education Students) - ESCs & CTSA	11-000-270-518	330,000	25,326	355,326	355,326		360,000	(973)	359,027	357,446	1,581
Contracted Services - Aid in Lieu of Payments	11-000-270-503	28,288		28,288	25,711	2,577	25,604	(1,451)	24,153	21,604	2,549
Total Student Transportation Services		399,178	18,926	418,104	407,000	11,104	418,504		418,504	404,517	13,987
Unallocated Benefits Employee Benefits:											
Social Security Contributions	11-000-291-220	220,000	(23,017)	196,983	188,046	8,937	207,835	3,908	211,743	203,515	8,228
TPAF Contributions - ERIP	11-000-291-232										
Other Retirement Contributions - Regular	11-000-291-241	167,211	22,663	189,874	189,874		150,000	162,318	312,318	309,023	3,295
Unemployment Benefits	11-000-291-250	205,000	(48,926)	156,074	51,872	104,202					
Workman's Compensation	11-000-291-260	122,000		122,000	115,478	6,522	209,755	(68,709)	141,046	120,510	20,536
Health Benefits	11-000-291-270	2,711,067	(43,016)	2,668,051	2,656,298	11,753	2,802,371	(68,868)	2,733,503	2,531,471	202,032
Tuition Reimbursement	11-000-291-280	56,000		56,000	37,138	18,862	65,000		65,000	40,606	24,394
Other Employee Benefits	11-000-291-290	179,000	(18,577)	160,423	150,650	9,773	138,000	(56,550)	81,450	76,266	5,184

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Unallocated Benefits - Employee Benefits	3,660,278	(110,873)	3,549,405	3,389,356	160,049	3,572,961	(27,901)	3,545,060	3,281,391	263,669
Nonbudgeted:										
On-Behalf TPAF Pension Contributions				526,397	(526,397)				486,722	(486,722)
Reimbursed TPAF Social Security Contributions				596,084	(596,084)				629,490	(629,490)
Total Nonbudgeted				1,122,481	(1,122,481)				1,116,212	(1,116,212)
Total Undistributed Expenditures	10,370,014	187,498	10,557,512	11,118,847	(561,335)	10,098,252	296,473	10,394,725	10,837,164	(442,439)
Total Expenditures - Current Expense	17,094,137	42,168	17,136,305	17,570,891	(434,586)	17,803,013	92,579	17,895,592	17,799,038	96,554
Capital Outlay:										
Interest to Capital Reserve	5,000		5,000		5,000					
Equipment:										
Regular Programs - Instruction:										
Grades 1 - 5	12-120-100-730	17,664	17,664	3,000	14,664					
Grades 6 - 8	12-130-100-730	7,999	7,999	6,000	1,999	49,799	49,799	49,799	49,799	
Support Services	12-000-220-730					2,315	2,315	2,315	2,315	
Central Services	12-000-251-730					17,172	17,172	17,172	17,172	
Custodial Services	12-000-262-730	2,555	2,555	2,555		3,095	3,095	3,095	3,095	
Total Equipment		28,218	28,218	11,555	16,663	72,381	72,381	72,381	72,381	
Facilities Acquisition & Construction Services:										
Architectural/Engineering										
Services	12-000-400-334					30,000	(30,000)			
Other Objects	12-000-400-931	10,789	10,789	10,789						
Total Acquisition & Construction Services		10,789	10,789	10,789		30,000	(30,000)			
Assets Acquired Under Capital Leases (Nonbudgeted):										
Instruction				294,780	(294,780)					
Total Assets Acquired Under Capital Leases (Nonbudgeted)				294,780	(294,780)					
Total Capital Outlay	15,789	28,218	44,007	317,124	(273,117)	30,000	42,381	72,381	72,381	
Total Expenditures	17,109,926	70,386	17,180,312	17,888,015	(707,703)	17,833,013	134,960	17,967,973	17,871,419	96,554

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Excess/(Deficiency) of Revenues Over/(Under)											
Expenditures	(407,471)	(70,386)	(477,857)	446,172	924,029	(341,505)	(134,960)	(476,465)	350,456	826,921	
Other Financing Sources(Uses):											
Capital Leases (Nonbudgeted)				294,780	294,780						
Transfer to Food Service						(3,000)	2,315	(685)		685	
11-000-310-930											
Sources Over/(Under) Expenditures & Other Financing Uses	(407,471)	(70,386)	(477,857)	740,952	1,218,809	(344,505)	(132,645)	(477,150)	350,456	827,606	
Fund Balances, July 1	2,808,969		2,808,969	2,808,969		2,458,513		2,458,513	2,458,513		
Fund Balances, June 30	<u>\$2,401,498</u>	<u>(70,386)</u>	<u>2,331,112</u>	<u>3,549,921</u>	<u>1,218,809</u>	<u>2,114,008</u>	<u>(132,645)</u>	<u>1,981,363</u>	<u>2,808,969</u>	<u>827,606</u>	

RECAPITULATION

Restricted Fund Balance:	
Reserve for Excess Surplus	\$420,968
Emergency Reserve	250,000
Maintenance Reserve	440,924
Capital Reserve Account	1,468,436
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	411,655
Assigned Fund Balance:	
Year-End Encumbrances	183,907
Designated for Subsequent Year's Expenditures	13,941
Unassigned Fund Balance	<u>360,090</u>
Subtotal	3,549,921
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(794,724)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$2,755,197</u>

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

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
Local Sources		5,000	5,000	128	(4,872)					
State Sources	\$287,776	(20,191)	267,585	267,585		144,112	431,776	575,888	541,000	(34,888)
Federal Sources	1,305,189	120,845	1,426,034	1,371,452	(54,582)	949,020	689,854	1,638,874	1,169,724	(469,150)
Total - Revenues	1,592,965	105,654	1,698,619	1,639,165	(59,454)	1,093,132	1,121,630	2,214,762	1,710,724	(504,038)
EXPENDITURES:										
Instruction:										
Salaries of Teachers	646,511	20,405	666,916	666,596	320	949,020	(169,667)	779,353	726,995	52,358
Purchased Professional & Educational Services	159,690	4,926	164,616	140,791	23,825	129,091	1,537	130,628	96,147	34,481
Purchased Professional & Technical Services		7,205	7,205	6,030	1,175					
General Supplies	19,920	119,752	139,672	135,112	4,560		116,841	116,841	93,633	23,208
Textbooks	12,164		12,164	12,150	14	15,021	2,882	17,903	17,893	10
Tuition	114,759	116,849	231,608	231,608			114,763	114,763	91,004	23,759
Total Instruction	953,044	269,137	1,222,181	1,192,287	29,894	1,093,132	66,356	1,159,488	1,025,672	133,816
Support Services:										
Salaries	53,702		53,702	53,702			140,267	140,267	86,565	53,702
Salaries of Secretaries & Clerical Assistants							1,200	1,200	60	1,140
Other Salaries	2,340	(1,140)	1,200	1,200			127,584	127,584	52,598	74,986
Personal Services - Employee Benefits	125,132	8,364	133,496	133,206	290		231,561	231,561	176,257	55,304
Purchased Professional - Educational Services	344,775	(137,991)	206,784	190,418	16,366		377,065	377,065	262,247	114,818

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

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
Support Services (continued):										
Purchased Technical Services		5,590	5,590	5,590			40,770	40,770	38,038	2,732
Travel							10,356	10,356	10,356	
Other Purchased Services (400-500)	25,723	(10,771)	14,952	11,764	3,188	7,500	7,500	1,009	6,491	
Supplies and Materials	50,289	(26,511)	23,778	9,880	13,898	55,639	55,639	29,550	26,089	
Total Support Services	601,961	(162,459)	439,502	405,760	33,742		991,942	991,942	656,680	335,262
Facilities Acquisition & Construction Services:										
Instructional Equipment	37,960	(1,024)	36,936	41,118	(4,182)		63,332	63,332	28,372	34,960
Total Facilities Acquisition & Construction Services	37,960	(1,024)	36,936	41,118	(4,182)		63,332	63,332	28,372	34,960
Total Expenditures	1,592,965	105,654	1,698,619	1,639,165	59,454	1,093,132	1,121,630	2,214,762	1,710,724	504,038
Total Outflows	1,592,965	105,654	1,698,619	1,639,165	59,454	1,093,132	1,121,630	2,214,762	1,710,724	504,038
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	-	-	-	-	-	-	-	-	-

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



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

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

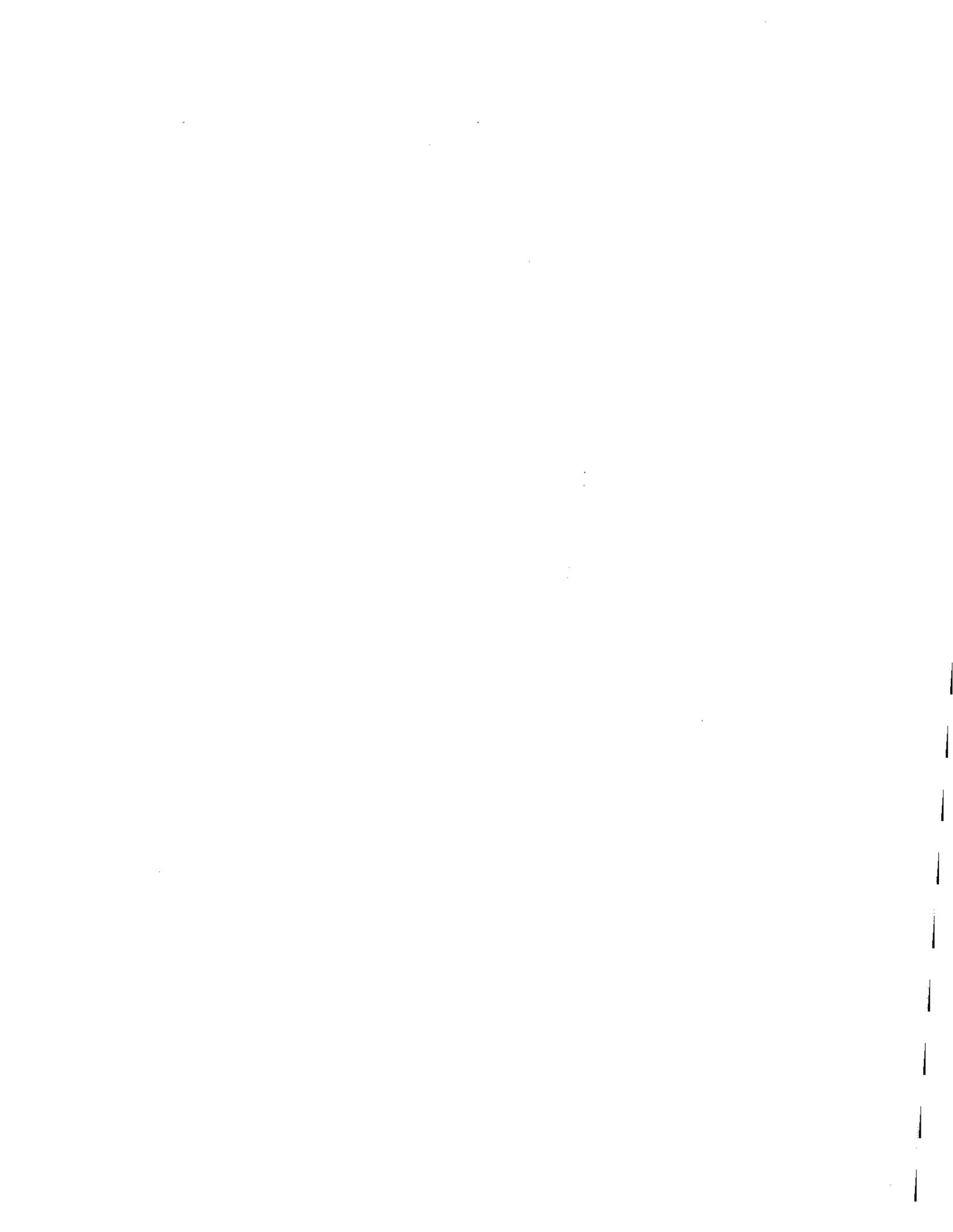
	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C - Series)	\$18,334,187	1,639,165
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	929,935	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(794,724)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(103,705)
		<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<hr/> <u>\$18,469,398</u>	<hr/> <u>1,535,460</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<hr/> <u>\$17,888,015</u>	<hr/> <u>1,639,165</u>
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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.		(103,705)
		<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<hr/> <u>\$17,888,015</u>	<hr/> <u>1,535,460</u>

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budgets Schedules

Not Applicable

E. Special Revenue Fund



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

	CHAPTER 192 AUXILIARY SERVICES			
	NONPUBLIC		COMPENSATION	
	TEXTBOOK	NURSING	EDUCATION	TRANSPORTATION
Revenues:				
State Sources	\$12,150	14,413	29,305	96
Federal Sources				
Total Revenues	\$12,150	14,413	29,305	96
Expenditures:				
Instruction:				
Salaries of Teachers				
Professional Education Services			29,305	96
Purchased Professional & Technical Services				
General Supplies				
Textbooks	\$12,150			
Tuition				
Total Instruction	12,150		29,305	96
Support Services:				
Salaries				
Other Salaries				
Salaries of Secretarial & Clerical Assistants				
Purchased Professional & Educational Services		14,413		
Purchased Technical Services				
Purchased Professional & Technical Services				
Personal Services - Employee				
Travel				
Other Purchased Services (400-500)				
Supplies & Materials				
Total Support Services		14,413		
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$12,150	14,413	29,305	96

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

	CHAPTER 193 HANDICAPPED SERVICES			
	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	EXAMINATION AND CLASSIFICATION	CHARACTER COURTYARD
Revenues:				
Local Sources				128
State Sources	\$14,238	8,199	13,713	
Federal Sources				
Total Revenues	\$14,238	8,199	13,713	128
Expenditures:				
Instruction:				
Salaries of Teachers				
Professional Education Services	\$14,238	8,199	13,713	
Purchased Professional & Technical Services				
General Supplies				
Textbooks				
Tuition				
Total Instruction	14,238	8,199	13,713	
Support Services:				
Salaries				
Other Salaries				
Salaries of Secretarial & Clerical Assistants				
Purchased Professional & Educational Services				
Purchased Technical Services				
Purchased Professional & Technical Services				
Other Employee Benefits				
Travel				
Other Purchased Services (400-500)				
Supplies & Materials				128
Total Support Services				128
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$14,238	8,199	13,713	128

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

	E.S.E.A. - NO CHILD LEFT BEHIND		
	TITLE I CURRENT	A.R.R.A TITLE I	PRESCHOOL EDUCATION
Revenues:			
State Sources			175,471
Federal Sources	\$491,756	92,791	
Total Revenues	<u>\$491,756</u>	<u>92,791</u>	<u>175,471</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$272,903	79,942	167,335
Professional Education Services	72,795		
Purchase Professional & Technical Services			
General Supplies	51,953		
Textbooks			
Tuition			
Total Instruction	<u>397,651</u>	<u>79,942</u>	<u>167,335</u>
Support Services:			
Salaries			
Other Salaries			
Salaries of Secretarial & Clerical Assistants			
Purchased Professional & Educational Services	24,702		
Purchased Technical Services			
Purchased Professional & Technical Services	5,590		
Other Employee Benefits	51,613	11,185	8,136
Travel			
Other Purchased Services (400-500)	3,200		
Supplies & Materials		1,664	
Total Support Services	<u>85,105</u>	<u>12,849</u>	<u>8,136</u>
Facilities Acquisition & Construction Services:			
Instructional Equipment	9,000		
Total Facilities Acquisition & Construction Services	<u>9,000</u>		
Total Expenditures	<u>\$491,756</u>	<u>92,791</u>	<u>175,471</u>

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

	TITLE II PART A CURRENT YEAR	TITLE II PART D CURRENT YEAR
Revenues:		
State Sources		
Federal Sources	\$117,624	1,422
Total Revenues	\$117,624	1,422
Expenditures:		
Instruction:		
Salaries of Teachers	\$92,255	
Professional Education Services	2,445	
Purchase Professional & Technical Services	6,030	
General Supplies	\$643	1,062
Textbooks		
Tuition		
Total Instruction	101,373	1,062
Support Services:		
Salaries		
Other Salaries		
Salaries of Secretarial & Clerical Assistants		
Purchased Professional & Educational Services	2,370	360
Purchased Technical Services		
Purchased Professional & Technical Services		
Other Employee Benefits	13,506	
Travel		
Other Purchased Services (400-500)	375	
Supplies & Materials		
Total Support Services	16,251	360
Facilities Acquisition & Construction Services:		
Instructional Equipment		
Total Facilities Acquisition & Construction Services		
Total Expenditures	\$117,624	1,422

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

	IDEA - B BASIC CURRENT YEAR	IDEA - B PRESCHOOL CURRENT YEAR
Revenues:		
State Sources		
Federal Sources	\$462,947	19,308
Total Revenues	\$462,947	19,308
Expenditures:		
Instruction:		
Salaries of Teachers		
Professional Education Services		
Purchase Professional & Technical Services		
General Supplies	\$79,665	
Textbooks		
Tuition	221,759	9,849
Total Instruction	301,424	9,849
Support Services:		
Salaries		
Other Salaries	1,200	
Salaries of Secretarial & Clerical Assistants		
Purchased Professional & Educational Services	136,864	9,459
Purchased Technical Services		
Purchased Professional & Technical Services		
Other Employee Benefits		
Travel		
Other Purchased Services (400-500)	11,764	
Supplies & Materials	4,513	
Total Support Services	154,341	9,459
Facilities Acquisition & Construction Services:		
Instructional Equipment	7,182	
Total Facilities Acquisition & Construction Services	7,182	
Total Expenditures	\$462,947	19,308

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

	A.R.R.A IDEA - PART B		2011	2010
	REGULAR CURRENT YEAR	PRESCHOOL CURRENT YEAR		
Revenues:				
Local Sources			128	
State Sources			267,585	541,000
Federal Sources	\$185,119	485	1,371,452	1,169,724
Total Revenues	\$185,119	485	1,639,165	1,710,724
Expenditures:				
Instruction:				
Salaries of Teachers	\$54,161		666,596	726,995
Professional Education Services			140,791	96,147
Purchase Professional & Technical Services			6,030	
General Supplies	1,789		135,112	93,633
Textbooks			12,150	17,893
Tuition			231,608	91,004
Total Instruction	55,950		1,192,287	1,025,672
Support Services:				
Salaries	53,702		53,702	86,565
Other Salaries			1,200	52,598
Salaries of Secretarial & Clerical Assistants				60
Purchased Professional & Educational Services	2,250		190,418	262,247
Purchased Technical Services				38,038
Purchased Professional & Technical Services			5,590	
Other Employee Benefits	48,281	485	133,206	176,257
Travel				10,356
Other Purchased Services			11,764	1,009
Supplies & Materials			9,880	29,550
Total Support Services	104,233	485	405,760	656,680
Facilities Acquisition & Construction Services:				
Instructional Equipment	24,936		41,118	28,372
Total Facilities Acquisition & Construction Services	24,936		41,118	28,372
Total Expenditures	\$185,119	485	1,639,165	1,710,724

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	2011		
	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$136,476	136,476	
Other Salaries for Instruction	31,179	30,859	320
Total Instruction	<u>167,655</u>	<u>167,335</u>	<u>320</u>
Support Services:			
Personal Services - Employee Benefits	8,136	8,136	
Total Support Services	<u>8,136</u>	<u>8,136</u>	
Total Expenditures	<u><u>\$175,791</u></u>	<u><u>175,471</u></u>	<u><u>320</u></u>

CALCULATION OF BUDGET AND CARRYOVER

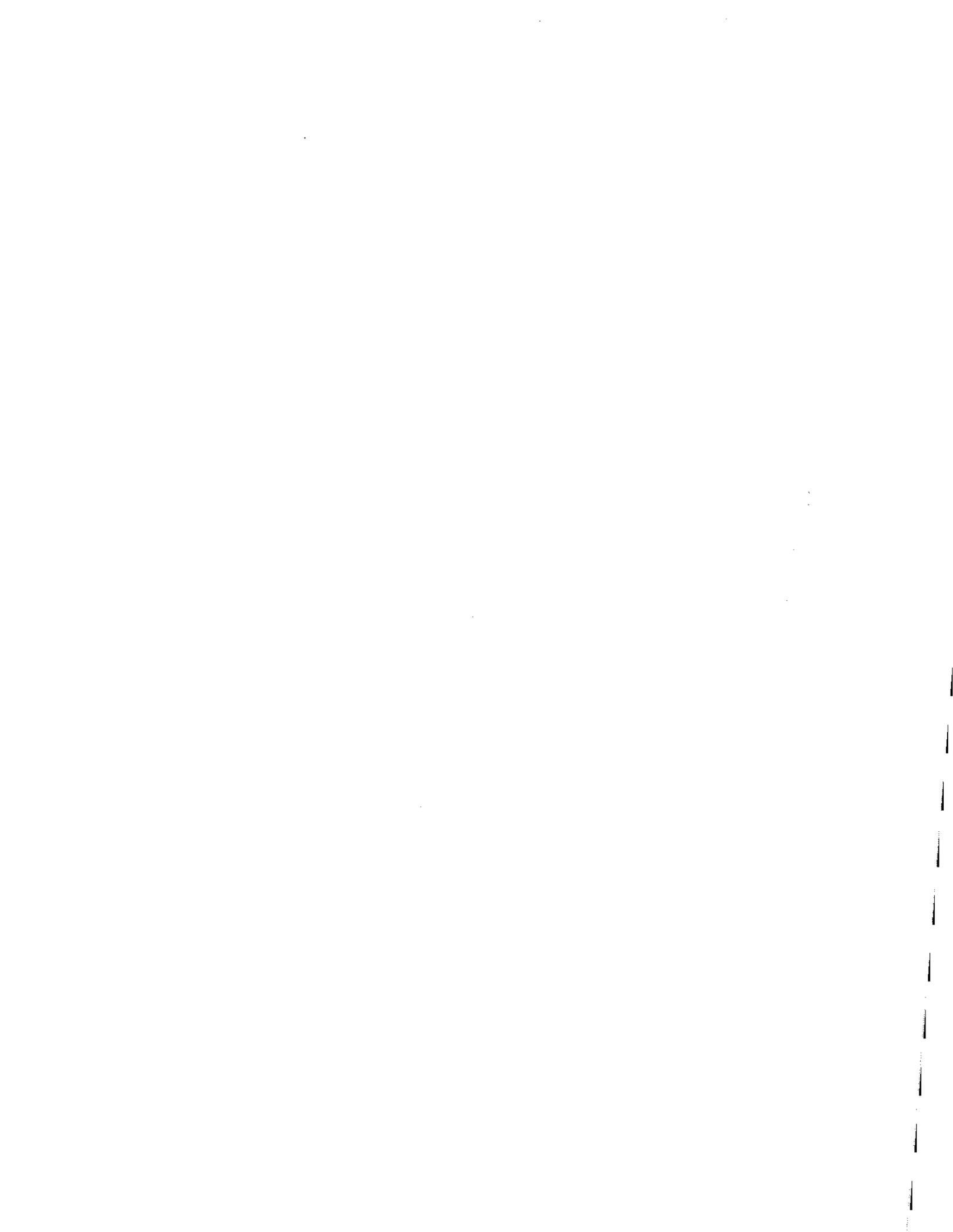
Total Revised 2010-2011 Preschool Education Aid Allocation	<u>\$625,120</u>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	625,120
Less: 2010-2011 Budgeted Preschool Education Aid (Prior Year Budget Carryover)	<u>(175,791)</u>
Available & Unbudgeted Preschool Education Aid Funds June 30, 2011	449,329
Add: June 30, 2011 Unexpended Preschool Education Aid	<u>320</u>
Total Actual Preschool Education Aid Carryover	<u><u>\$449,649</u></u>
2010-2011 Preschool Education Aid Carryover Budgeted in 2011-2012	<u><u>\$449,649</u></u>

F. Capital Projects Fund

Not Applicable

G. Proprietary Funds

Enterprise Funds



**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	2011	2010
Current Assets:		
Cash	\$59,841	29,833
Accounts Receivable:		
State	574	1,027
Federal	12,850	20,927
Other Special Functions	1,970	
Inventories	12,459	12,405
	<hr/>	<hr/>
Total Current Assets	87,694	64,192
Fixed Assets:		
Equipment	239,580	229,473
Less: Accumulated Depreciation	(196,973)	(207,872)
	<hr/>	<hr/>
Total Fixed Assets	42,607	21,601
	<hr/>	<hr/>
Total Assets	130,301	85,793
	<hr/>	<hr/>
 LIABILITIES		
Accounts Payable	32	31
Deferred Revenue		4,226
	<hr/>	<hr/>
Total Liabilities	32	4,257
	<hr/>	<hr/>
 NET ASSETS		
Invested in Capital Assets	42,607	21,601
Unreserved Retained Earnings	87,662	59,935
	<hr/>	<hr/>
Total Net Assets	\$130,269	81,536
	<hr/> <hr/>	<hr/> <hr/>

**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	2011	2010
Operating Revenues:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$88,715	97,921
Breakfast Program	6,824	6,400
Daily Sales Non-Reimbursable Programs	34,052	30,475
Satellite Lunch Program - Westampton	42,997	
Special Functions	11,013	7,477
	<hr/>	<hr/>
Total Operating Revenues	183,601	142,273
	<hr/>	<hr/>
Operating Expenses:		
Salaries	115,346	116,288
Employee Benefits	53,191	47,565
Supplies & Materials	13,147	14,382
Depreciation		5,332
Management Fee	15,450	15,450
Cost of Sales	216,710	193,202
Direct Services	2,176	828
Other	4,075	353
	<hr/>	<hr/>
Total Operating Expenses	420,095	393,400
	<hr/>	<hr/>
Operating Income/(Loss)	(236,494)	(251,127)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	5,706	9,263
State School Breakfast Program		2,595
Federal Sources:		
National School Lunch Program	206,434	203,613
National School Breakfast Program	32,662	37,060
Special Milk Program	951	
Food Distribution Program	22,304	33,174
NSLP Equipment Assistance Grant	11,304	
Gain on Adjustment to Fixed Assets	5,274	
Interest Revenue	592	182
	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	285,227	285,887
	<hr/>	<hr/>
Net Income/(Loss)	48,733	34,760
Net Assets - July 1	81,536	46,776
	<hr/>	<hr/>
Net Assets - June 30	\$130,269	81,536
	<hr/>	<hr/>

**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	2011	2010
Cash Flows From Operating Activities:		
Receipts from Customers	\$177,405	141,266
Payments to Employees for Services	(168,537)	(163,853)
Payments to Suppliers for Goods & Services	(229,307)	(190,111)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(220,439)	(212,698)
Cash Flows From Noncapital Financing Activities:		
Cash Received from State & Federal Reimbursements	254,283	244,635
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	254,283	244,635
Cash Flows From Capital & Related Financing Activities:		
Purchases of Capital Assets	(4,428)	
	<hr/>	
Net Cash Provided/(Used) by Noncapital Financing Activities	(4,428)	
Cash Flows From Investing Activities:		
Interest & Dividends	592	182
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	592	182
Net Increase/(Decrease) in Cash & Cash Equivalents	30,008	32,119
Cash & Cash Equivalents, July 1	29,833	(2,286)
	<hr/>	<hr/>
Cash & Cash Equivalents, June 30	\$59,841	29,833
	<hr/> <hr/>	<hr/> <hr/>

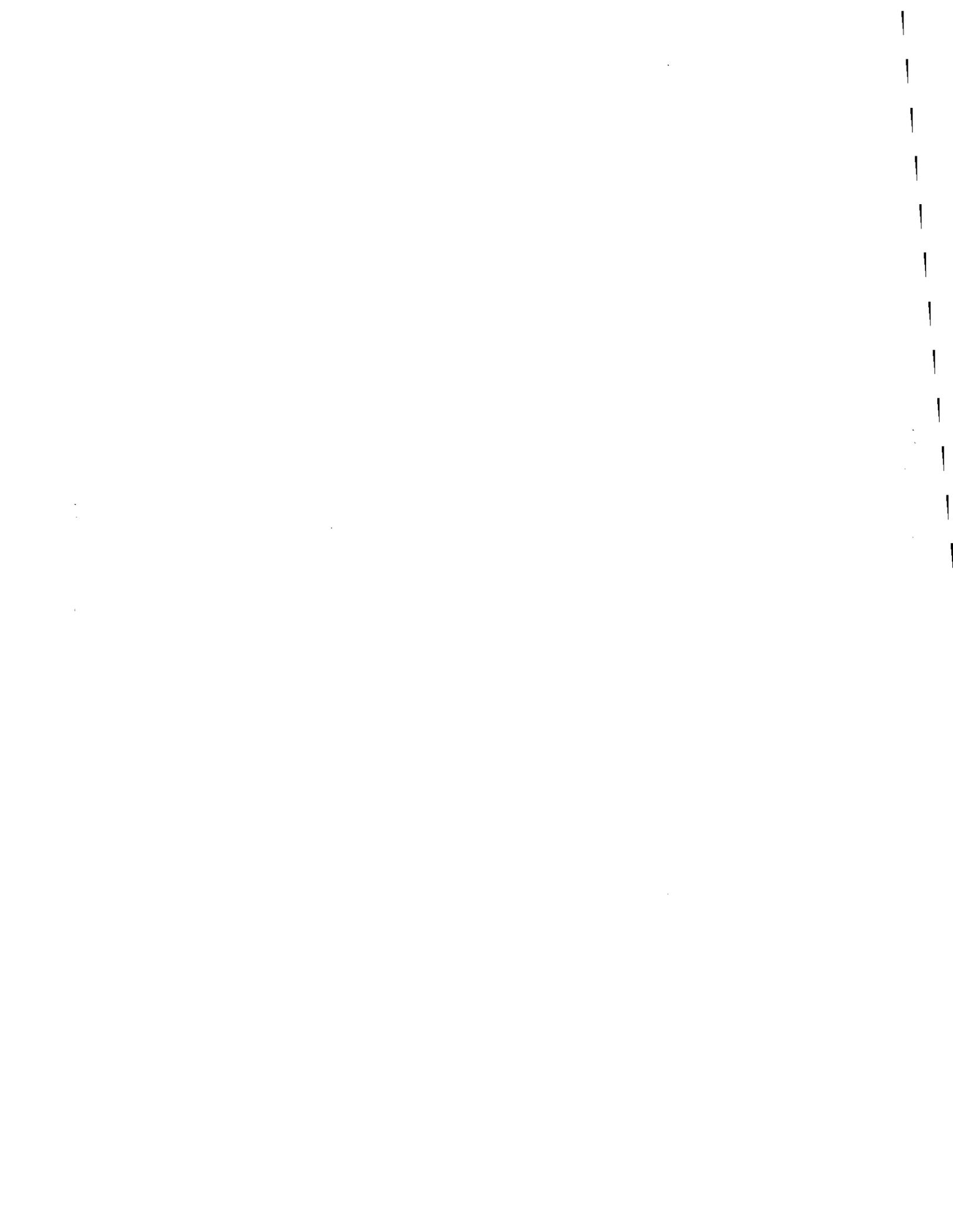
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$236,494)	(251,127)
Adjustments to Reconcile Operating Income/ (Loss)/to Net Cash Provided/(Used) by Operating Activities:		
Depreciation		5,332
Food Distribution Program	22,304	33,174
Change in Assets & Liabilities:		
(Increase)/Decrease in Receivables	(1,970)	128
(Increase)/Decrease in Inventories	(54)	899
Increase/(Decrease) in Accounts Payable	1	31
Increase/(Decrease) in Deferred Revenues	(4,226)	(1,135)
	<hr/>	<hr/>
Total Adjustments	16,055	38,429
Net Cash Provided/(Used) by Operating Activities	(\$220,439)	(212,698)
	<hr/> <hr/>	<hr/> <hr/>

Internal Service Fund

Not Applicable

H. Fiduciary Fund



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

ASSETS	PRIVATE PURPOSE		2011	2010
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY STUDENT ACTIVITY PAYROLL		
Cash & Cash Equivalents	\$333	6,543	101,251	108,127
Interfund Receivable				8,606
Total Assets	333	6,543	101,251	108,127
LIABILITIES				
Payroll Deductions & Withholdings			100,910	100,910
Interfund Payable			341	341
Due to Student Groups		6,543		6,543
Total Liabilities		6,543	101,251	107,794
NET ASSETS				
Reserve for Unemployment Compensation	333			333
Total Net Assets	\$333			53,669

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

ADDITIONS:	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	2011	2010
Contributions:			
Employee Contributions			19,082
Total Contributions			19,082
Investment Earnings:			
Interest	\$333	333	101
Net Investment Earnings	333	333	101
Total Additions	333	333	19,183
DEDUCTIONS:			
Unemployment Claims	53,669	53,669	
Total Deductions	53,669	53,669	
Change in Net Assets	(53,336)	(53,336)	19,183
Net Assets July 1	53,669	53,669	34,486
Net Assets June 30	\$333	333	53,669

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

	BALANCE JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2011
Holbein School	\$5,996	12,416	11,869	6,543
Total Activity	\$5,996	12,416	11,869	6,543

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

ASSETS	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
Cash & Cash Equivalents	\$445,476	11,377,851	11,722,076	101,251
Interfund Receivable	2,754		2,754	
Total Assets	\$448,230	11,377,851	11,724,830	101,251
LIABILITIES				
Payroll Deductions & Withholdings	\$442,378	5,050,476	5,391,944	100,910
Net Payroll		6,327,375	6,327,375	
Interfund Payable	5,852		5,511	341
Total Liabilities	\$448,230	11,377,851	11,724,830	101,251

I. Long-Term Debt

Not Applicable

STATISTICAL SECTION (Unaudited)

MOUNT HOLLY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$11,662,297	11,508,184	11,954,070	12,104,860	11,757,110	11,851,589	12,185,859	11,962,845	11,788,097
Restricted									
Special Revenue				(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	
Other Purposes	2,991,983	2,452,655	2,055,637	2,023,676	1,677,672	1,240,944	1,019,466	527,594	675,514
Unrestricted	(1,290,155)	(1,414,677)	(1,462,995)	(773,568)	(862,564)	(884,547)	(890,748)	(680,462)	(561,611)
Total Governmental Activities Net Assets	\$13,364,125	12,546,162	12,546,712	13,297,545	12,522,564	12,158,332	12,264,923	11,760,323	11,902,000
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	\$42,607	21,601	26,933	32,833	39,302	66,154	74,767		
Unrestricted	87,662	59,935	19,843	8,051	5,626	9,205	12,508	98,361	87,165
Total Business-Type Activities Net Assets	\$130,269	81,536	46,776	40,884	44,928	75,359	\$87,275	\$98,361	\$87,165
District-Wide:									
Invested in Capital Assets, Net of Related Debt	\$11,704,904	11,529,785	11,981,003	12,137,693	11,796,412	11,917,743	12,260,626	11,962,845	11,788,097
Restricted:									
Special Revenue				(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	
Other Purposes	2,991,983	2,452,655	2,055,637	2,023,676	1,677,672	1,240,944	1,019,466	527,594	675,514
Unrestricted	(1,202,493)	(1,354,742)	(1,443,152)	(765,517)	(856,938)	(875,342)	(878,240)	(582,101)	(474,446)
Total District Net Assets	\$13,494,394	12,627,698	12,593,488	13,338,429	12,567,492	12,233,691	12,352,198	11,858,684	11,989,165

**MOUNT HOLLY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental Activities:									
Instruction:									
Regular	\$5,519,336	5,793,118	6,152,373	6,090,746	5,801,886	5,797,016	7,028,181	7,411,351	7,188,706
Special Education	1,634,138	1,737,377	1,491,839	1,705,769	1,745,071	1,687,629	2,050,324	1,975,021	1,395,486
Other Instruction	415,335	482,674	496,843	475,831	467,955	376,583	499,365	476,235	472,555
Support Services & Undistributed Costs:									
Tuition	1,906,476	1,386,051	1,342,821	1,011,353	1,060,135	1,151,609	1,305,733	1,372,242	1,366,006
Student & Instruction Related Services	1,897,554	2,397,490	2,213,242	2,518,182	2,292,435	2,070,472	2,416,209	2,484,696	2,359,534
School Administrative Services	454,401	414,840	447,724	641,571	657,096	629,228	881,207	872,397	833,474
General Administrative Services	710,874	707,299	669,699	735,125	756,777	746,900	1,107,057	847,850	909,623
Plant Operations & Maintenance	336,873	504,243	269,809	1,463,702	1,551,581	1,601,598	1,898,467	1,857,765	1,533,359
Pupil Transportation	1,303,527	1,470,316	1,884,142	429,060	514,272	440,023	597,073	491,023	555,854
Other Objects	10,789								
Unallocated Benefits	324,533	264,589	569,717	5,041,790	5,284,581	4,440,056			
Interest on Long-Term Debt	4,511,837	4,397,603	4,427,037				11,565	34,155	55,755
Unallocated Depreciation	161,222	137,586	181,556	155,428	5,570	17,554	16,975	26,264	26,263
Total Governmental Activities Expense	19,186,895	19,693,186	20,146,802	20,268,557	20,137,359	18,958,668	17,812,156	17,848,999	16,696,615
Business-Type Activities:									
Food Service	420,095	393,400	400,050	433,421	482,522	444,561	428,052	529,453	523,590
Total Business-Type Activities Expense	420,095	393,400	400,050	433,421	482,522	444,561	428,052	529,453	523,590
Total District Expenses	\$19,606,990	20,086,586	20,546,852	20,701,978	20,619,881	19,403,229	18,240,208	18,378,452	17,220,205

**MOUNT HOLLY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues:									
Governmental Activities:									
Operating Grants & Contributions	\$2,657,941	3,087,639	2,358,956	4,550,216	4,726,570	3,775,086	3,583,229	3,684,408	5,015,212
Total Governmental Activities Program Revenues	2,657,941	3,087,639	2,358,956	4,550,216	4,726,570	3,775,086	3,583,229	3,684,408	5,015,212
Business-Type Activities:									
Charges for Services:									
Food Service	183,601	142,273	140,705	152,114	146,384	163,450	172,462	171,745	162,254
Operating Grants & Contributions	279,361	285,705	265,149	252,251	256,939	255,920	244,063	246,451	241,750
Total Business Type Activities Program Revenues	462,962	427,978	405,854	404,365	403,323	419,370	416,525	418,196	404,004
Total District Program Revenues	\$3,120,903	3,515,617	2,764,810	4,954,581	5,129,893	4,194,456	3,999,754	4,102,604	5,419,216
Net (Expense)/Revenue:									
Governmental Activities	(\$16,528,954)	(16,605,547)	(17,787,846)	(15,718,341)	(15,410,789)	(15,183,582)	(14,228,927)	(14,164,591)	(11,681,403)
Business-Type Activities	42,867	34,578	5,804	(29,056)	(79,199)	(25,191)	(11,527)	(111,257)	(119,586)
Total District-Wide Net Expense	(\$16,486,087)	(16,570,969)	(17,782,042)	(15,747,397)	(15,489,988)	(15,208,773)	(14,240,454)	(14,275,848)	(11,800,989)

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**MOUNT HOLLY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues & Other Changes in Net Assets:									
Governmental Activities:									
Taxes:									
Property Taxes, Levied for									
General Purposes, Net	\$7,016,889	6,889,889	6,814,889	6,814,889	6,558,171	6,024,745	5,494,500	4,938,735	4,709,608
Taxes Levied for Debt Service							262,934	262,229	263,028
Unrestricted Grants &									
Contributions	9,933,649	9,808,226	10,034,918	9,074,503	8,635,850	8,604,212	8,816,566	8,492,351	6,355,496
Investment Earnings	36,787	4,924	83,683	17,089	132,678	80,084	31,035	4,129	19,059
Miscellaneous Income	359,592	357,576	115,065	610,877	496,322	380,650	128,492	447,579	136,400
Disposal of Fixed Assets		(455,618)	(11,542)						
Transfers				(24,036)	(48,000)	(12,700)		(122,109)	(116,476)
Total Governmental Activities	17,346,917	16,604,997	17,037,013	16,493,322	15,775,021	15,076,991	14,733,527	14,022,914	11,367,115
Business-Type Activities:									
Investment Earnings	592	182	88	976	768	575	366	151	203
Adjustment to Fixed Assets	5,274								
Miscellaneous Income							75	193	318
Transfers				24,036	48,000	12,700		122,109	116,476
Total Business-Type Activities	5,866	182	88	25,012	48,768	13,275	441	122,453	116,997
Total District-Wide	\$17,352,783	16,605,179	17,037,101	16,518,334	15,823,789	15,090,266	14,733,968	14,145,367	11,484,112
Change in Net Assets:									
Governmental Activities	\$817,963	(550)	(750,833)	774,981	364,232	(106,591)	504,600	(141,677)	(314,288)
Business-Type Activities	48,733	34,760	5,892	(4,044)	(30,431)	(11,916)	(11,086)	11,196	(2,589)
Total District	\$866,696	34,210	(744,941)	770,937	333,801	(118,507)	493,514	(130,481)	(316,877)

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MOUNT HOLLY SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Restricted for:									
Capital Reserve	1,468,436	1,175,939	921,016	715,971	548,883	525,088	506,553	494,700	490,570
Emergency Reserve	250,000	200,000	100,000	100,000					
Maintenance Reserve	440,924	250,000	150,000	150,000					
Excess Surplus	420,968	411,655	407,471	344,505	713,200	365,484	343,266	32,894	
Excess Surplus - Designated for Subsequent Year's Expenditures	411,655	407,471	344,505	713,200	365,484	310,371			
Assigned to:									
Other Purposes Designated for Subsequent Year's Expenditures		7,590	132,645						184,944
Unassigned	(236,786)	(573,621)	(482,011)	56,696	50,105	4,888	86,339	86,242	247,127
Total General Fund	\$2,755,197	1,879,034	1,573,626	2,044,353	1,624,967	1,205,831	936,158	613,836	922,641
All Other Governmental Funds:									
Assigned, Reported in:									
Special Revenue Fund				(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)
Total All Other Governmental Funds	-	-	-	(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Local Tax Levy	\$7,016,889	6,889,889	6,814,889	6,814,889	6,558,171	6,024,745	5,757,434	5,200,964	4,972,636	4,622,325
Tuition Charges	\$283,447	222,341		62,987	49,097	48,893	106,233	75,208		1,953
Interest Earnings	\$36,787	4,924	83,683	17,089	23,794	80,084	31,035	4,129	6,151	9,585
Miscellaneous	76,145	135,235	115,065	547,890	556,109	331,757	22,259	372,371	168,308	168,573
State Sources	11,272,489	10,014,910	11,358,161	12,530,010	11,810,028	11,166,607	11,172,923	10,820,804	10,051,885	9,570,568
Federal Sources	1,319,101	2,880,955	1,035,713	1,094,709	1,552,392	1,212,691	1,226,871	1,355,955	1,299,823	998,551
Total Revenue	20,004,858	20,148,254	19,407,511	21,067,574	20,549,591	18,864,777	18,316,755	17,829,431	16,498,803	15,371,555
Expenditures:										
Instruction:										
Regular Instruction	5,519,336	5,793,118	6,152,373	6,106,360	5,763,482	5,509,278	5,190,831	5,222,652	5,335,424	5,040,442
Special Education Instruction	1,634,138	1,737,377	1,491,839	1,705,769	1,745,071	1,687,629	1,567,282	1,512,013	1,036,711	898,396
Other Special Instruction	415,335	482,674	496,843	475,831	467,955	376,583	381,718	351,230	363,162	331,725
Support Services & Undistributed Costs:										
Tuition	1,906,476	1,386,051	1,342,821	1,011,353	1,060,135	1,151,609	1,305,733	1,372,242	1,366,006	1,379,945
Student & Instruction Related Services	1,897,554	2,397,490	2,213,242	2,518,182	2,292,435	2,070,472	1,898,222	1,932,007	1,909,449	1,941,378
School Administrative Services	710,874	707,299	669,699	641,571	657,096	629,228	616,369	621,760	621,034	585,313
General Administrative Services	791,274	919,083	717,533	735,125	745,637	711,794	663,858	638,575	723,866	738,734
Plant Operations & Maintenance	1,303,527	1,470,316	1,884,142	1,932,930	1,419,890	1,499,193	1,406,054	1,501,435	1,262,851	1,207,061
Pupil Transportation	407,000	404,517	382,978	429,060	514,272	440,023	456,407	491,023	555,854	459,965
Unallocated Benefits	4,511,837	4,397,603	4,427,037	5,041,790	5,284,581	4,440,056	3,925,742	3,793,776	3,192,219	2,064,582
Capital Outlay	326,124	147,318	42,308	33,950	131,901	66,539	56,652	52,703	250,325	276,872
Debt Service:										
Principal							514,000	490,000	470,000	445,000
Interest & Other Charges							11,565	34,155	55,755	76,343
Total Expenditures	19,423,475	19,842,846	19,820,815	20,631,921	20,082,455	18,582,404	17,994,433	18,013,571	17,142,656	15,445,756
Excess (Deficiency) of Revenues Over/(Under) Expenditures	581,383	305,408	(413,304)	435,653	467,136	282,373	322,322	(184,140)	(643,853)	(74,201)
Other Financing Sources/(Uses):										
Capital Leases	294,780									
Transfers In										
Transfers Out				(24,036)	(48,000)	(12,700)		(122,109)	(116,476)	(73,971)
Total Other Financing Sources/(Uses)	294,780			(24,036)	(48,000)	(12,700)		(122,109)	(116,476)	(73,971)
Net Change in Fund Balances	\$876,163	305,408	(413,304)	411,617	419,136	269,673	322,322	(306,249)	(760,329)	(148,172)
Debt Service as a Percentage of Noncapital Expenditures							2.93%	2.92%	3.11%	3.44%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	CAPITAL RESERVE INTEREST	TUITION	TRANSPORTATION	PRIOR YEAR REFUNDS	OTHER REFUNDS	SALE OF ASSETS	RENTALS	MISCELLANEOUS	TOTAL
2011	\$49,283	17,496	283,447						46,025	396,251
2010	22,274	4,924				41,311			293,991	362,500
2009	35,928	5,045	48,014						31,123	120,110
2008	130,480	17,089	62,987				400,000		17,410	627,966
2007	108,884	23,794	49,097		2,892	73,966	350,000	4,000	16,367	629,000
2006	61,549	18,535	48,893	5,811	8,045	4,467	299,500		13,934	460,734
2005	19,182	11,854	106,233	2,874		19,055			329	159,527
2004	5,271	4,129	78,179			30,974		56,975	276,180	451,708
2003	12,907	6,151			22,608	202		108,532	5,059	155,459
2002	29,297	9,585	1,953		29,723	5,339		103,364	850	180,111

Source: District records

**MOUNT HOLLY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

06	FISCAL								TOTAL	NET	TAX	TOTAL	COUNTY	
	YEAR	VACANT	RESIDENTIAL	FARM	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	ASSESSED	PUBLIC ^a	VALUATION	EXEMPT	DIRECT	EQUALIZED
	ENDED	LAND		REG.					TAXABLE	UTILITIES	TAXABLE	PROPERTY	SCHOOL	VALUE
	JUNE 30,												RATE ^b	
	2010	5,876,700	248,952,700	N/A	8,300	45,352,200	4,370,300	9,748,500	314,308,700	3,565,377	317,874,077	148,335,600	2.171	681,301,653
	2009	5,901,800	248,239,500	N/A	8,300	44,879,100	4,485,300	9,748,500	313,262,500	3,444,405	316,706,905	148,105,108	2.127	692,020,480
	2008	6,044,900	247,721,300	142,700	14,200	45,706,700	4,485,300	11,250,700	315,365,800	3,156,029	318,521,829	149,398,300	2.135	709,679,409
	2007	5,828,600	257,593,800	142,700	14,500	45,517,000	5,248,300	10,129,200	324,474,100	11,234,675	335,708,775	128,869,000	2.077	642,521,772
	2006	6,168,700	248,390,800	142,700	14,200	44,018,800	4,847,700	11,395,400	314,978,300	3,649,818	318,628,118	149,642,000	1.939	351,516,000
	2005	5,473,000	250,726,100	142,700	14,200	43,281,500	4,847,700	12,157,000	316,642,200	4,223,486	320,865,686	147,589,500	1.753	546,950,563
	2004	5,096,400	252,580,800	142,700	14,200	44,469,300	4,847,700	12,151,900	319,303,000	5,138,701	324,441,701	144,268,300	1.665	471,409,535
	2003	5,211,100	252,989,200	142,700	14,200	44,053,100	4,847,700	12,151,900	319,409,900	5,905,257	325,315,157	142,758,300	1.513	422,156,136
	2002	5,091,100	252,961,000	142,700	14,200	45,097,500	4,847,700	12,429,800	320,584,000	6,745,323	327,329,323	142,283,200	1.475	384,596,131
	2001	5,250,000	253,369,500	142,700	14,200	42,709,400	4,847,700	12,429,800	318,763,300	6,456,539	325,219,839	141,882,000	1.379	367,927,783

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

c Information not available.

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF MOUNT HOLLY	REGIONAL SCHOOL	FIRE DISTRICT	BURLINGTON COUNTY	
2010	2.171		2.171	1.154	0.747	0.179	0.860	5.111
2009	2.127		2.127	1.155	0.774	0.173	0.830	5.059
2008	2.135		2.135	1.076	0.797	0.172	0.867	5.047
2007	2.077		2.077	1.002	0.772	0.172	0.849	4.872
2006	1.939		1.939	0.929	0.688	0.171	0.752	4.479
2005	1.672	0.081	1.753	0.848	0.635	0.169	0.664	4.069
2004	1.584	0.081	1.665	0.779	0.594	0.159	0.609	3.806
2003	1.433	0.080	1.513	0.800	0.493	0.148	0.598	3.552
2002	1.392	0.083	1.475	0.770	0.445	0.133	0.608	3.431
2001	1.294	0.085	1.379	0.770	0.404	0.133	0.611	3.297

Source: Municipal Tax Collector

**MOUNT HOLLY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2011		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Levine Properties, LLC	\$12,967,000	1	1.99%
Mount Holly Associates	12,018,100	2	1.85%
Verizon Property Tax Department	9,995,984	3	1.54%
Virtua Memorial Hospital	7,170,200	4	1.10%
Mount Holly Equities	6,365,800	5	0.98%
Richard A. Alaimo	4,537,600	6	0.70%
Ancor Flexibles, Inc.	3,605,200	7	0.55%
K&S 100, LLC	2,609,500	8	0.40%
Baird, LLC % Marvin F. Poer	2,528,100	9	0.39%
Public Storage Inc.	2,349,700	10	0.36%
Total	<u>\$64,147,184</u>		<u>9.85%</u>

TAXPAYER	2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
New Jersey Bell Telephone Company	\$8,108,742	1	2.48%
FMP/Mount Holly Associates	5,500,000	2	1.68%
Levine Properties, LP	5,234,500	3	1.60%
Richard A. Alaimo	2,380,700	4	0.73%
Mount Holly Equities, LLC	1,992,300	5	0.61%
Estaugh Corp/Medford Leas	1,862,200	6	0.57%
Rexam Medical Packaging	1,761,000	7	0.54%
EF&C/Harry Fry	1,535,300	8	0.47%
Washington House Assoc.	1,328,500	9	0.41%
Rancocas Road Professional Building	1,019,700	10	0.31%
Total	<u>\$30,722,942</u>		<u>9.39%</u>

Source: Municipal Tax Assessor

**MOUNT HOLLY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2011	\$7,016,889	7,016,889	100.00%	-
2010	6,889,889	6,889,889	100.00%	-
2009	6,814,889	6,814,889	100.00%	-
2008	6,814,889	6,814,889	100.00%	-
2007	6,291,458	6,291,458	100.00%	-
2006	5,688,534	5,688,534	100.00%	-
2005	5,415,836	5,415,836	100.00%	-
2004	4,954,058	4,954,058	100.00%	-
2003	4,799,426	4,799,426	100.00%	-
2002	4,494,949	4,494,949	100.00%	-

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

**MOUNT HOLLY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	<u>GOVERNMENTAL ACTIVITIES</u>		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME ^a	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	514,000	9,125	523,125	0.13%	49
2003	1,296,990	30,355	1,327,345	0.27%	99
2002	1,503,163	N/A	1,503,163	0.41%	148

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- a. Based on Per Capita Income for Burlington County
- b. Based on School District Population as of July 1

**MOUNT HOLLY SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	514,000	-	514,000	0.16%	48
2003	1,004,000	-	1,004,000	0.31%	94
2002	1,474,000	-	1,474,000	0.45%	138

- a. See Exhibit J-6 for property tax data.
b. Population data can be found on Exhibit J-14

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ^a	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Mount Holly	\$17,201,699	100.000%	\$17,201,699
Rancocas Valley Regional High School	21,823,000	13.908%	3,035,143
Burlington County General Obligation Debt	395,252,496	1.299%	5,134,330
Subtotal, Overlapping Debt			25,371,172
Mount Holly School District			-
Total Direct & Overlapping Debt			<u>\$25,371,172</u>

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

- 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.

**MOUNT HOLLY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION ^a	PERSONAL INCOME ^b	PER CAPITA PERSONAL INCOME ^c	UNEMPLOYMENT RATE ^d
2010	* 9,536	N/A	N/A	14.1%
2009	10,728	499,023,648	46,516	13.3%
2008	10,245	481,187,160	46,968	7.9%
2007	10,335	469,860,105	45,463	5.8%
2006	10,602	461,727,702	43,551	6.4%
2005	10,632	430,808,640	40,795	5.9%
2004	10,704	414,062,832	39,606	6.9%
2003	10,726	396,829,822	37,982	7.5%
2002	10,717	389,327,176	37,299	7.5%
2001	10,674	384,509,502	36,912	5.2%

Source:

a Population information provided by the NJ Department of Labor & Workforce Development

b Personal income calculated using population and per capita personal income

c Per Capita personal income provided by the NJ Dept of Labor and Workforce Development

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

* 2010 Census

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

No employers are currently located within the municipality that have in excess of 100 full time employees.

**MOUNT HOLLY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEAR**

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004
Instruction:								
Regular	72	76	92	91	95	92	92	89
Special Education	23	22	19	21	23	23	23	20
Other Special Education	14	14	11	26	30	30	30	30
Other Instruction	9	7	8	15	11	11	11	11
Support Services:								
Student & Instruction Related Services	8	8	5	7	5	5	5	5
School Administrative Services	11	11	11	11	11	11	11	11
General & Business Administrative Services	6	6	6	6	6	6	6	6
Plant Operations & Maintenance	13	14	15	17	17	17	17	17
Total	156	158	167	194	198	195	195	189

Source: District Personnel Records

**MOUNT HOLLY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

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	MIDDLE SCHOOL				
2011	993	\$19,097,351	19,232	-2.62%	95	1-12.5	1-7.7	986	929	-2.28%	94.22%
2010	998	19,695,528	19,735	1.65%	98	1-12.1	1-7.6	1,009	949	1.93%	94.05%
2009	1,019	19,778,507	19,410	-1.85%	114	1-9.0	1-7.8	990	937	-0.51%	94.62%
2008	1,042	20,597,971	19,768	5.62%	108	1-9.6	1-8.9	995	934	-3.49%	93.87%
2007	1,073	20,082,455	18,716	9.47%	116	1-9.5	1-8.3	1,031	965	-7.37%	93.63%
2006	1,083	18,515,865	17,097	10.17%	114	1-11	1-11	1,113	988	-1.59%	88.77%
2005	1,122	17,412,216	15,519	-1.39%	112	1-11.2	1-11.2	1,131	1,053	2.63%	93.10%
2004	1,108	17,436,713	15,737	11.15%	117	1-9	1-9	1,102	1,024	-1.08%	92.92%
2003	1,156	16,366,576	14,158	15.12%	115	1-9.5	1-9.5	1,114	998	-6.39%	89.59%
2002	1,191	14,647,541	12,299	-3.21%	110	1-11.2	1-11.2	1,190	1,121	3.93%	94.20%

Sources: District records

Note: Enrollment based on annual October District count.

a. Operating expenditures equal total expenditures less debt service and capital outlay.

b. Teaching staff includes only full-time equivalents of certificated staff.

c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**MOUNT HOLLY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary Schools:										
Brainerd Elementary:										
Square Feet	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	390	379	296	292	297	312	309	309	319	319
Follwell Elementary (1950):										
Square Feet	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	286	308	290	285	291	287	316	330	322	334
Holbein Elementary (1964):										
Square Feet	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673
Capacity (Students)	650	650	650	650	650	650	650	650	650	650
Enrollment	317	310	433	425	446	484	497	469	515	538
Other:										
Central Administration:										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

Number of Schools at June 30, 2011:

Elementary = 2

Middle School = 1

Senior High School = 0

Other = 0

Source: District Facilities Office

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

**MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

* SCHOOL FACILITIES	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
John Brainerd School	\$6,475	20,210	26,077	14,784	28,343	19,538	14,971	21,616	13,642	26,080	31,666
Gertrude Folwell School	17,388	27,219	19,901	39,030	32,542	49,495	39,428	40,816	78,042	67,063	83,688
Anna Heller School				28,504	11,547	24,748	19,729	21,553	4,591	35,395	61,070
F.W. Holbein Schools	29,596	55,760	59,507	22,139	32,541	36,469	28,452	33,342	32,940	57,749	47,760
Total School Facilities	\$53,459	103,189	105,485	104,457	104,973	130,250	102,580	117,327	129,215	186,287	224,184

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

Source: District records

**MOUNT HOLLY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011**

	COVERAGE	DEDUCTIBLE
Commercial Package Policy (1):		
Building & Contents (All Locations):		
Limits of Liability per Occurrence	\$150,000,000	500
Comprehensive General Liability	10,000,000	
Comprehensive Automobile Liability	10,000,000	
Boiler & Machinery Liability	125,000,000	1,000
Crime Coverage - Employee Dishonesty	500,000	500
 Educator's Legal Liability (1)	 10,000,000	
Pollution Legal Liability (1)	3,000,000	25,000
Workers' Compensation (1)	Statutory	
Supplemental Workers' Compensation (1)	Statutory	
Student Accident (2)	1,000,000	
Surety Bonds:		
Treasurer (3)	250,000	
Board Secretary (4)	100,000	

(1) Burlington County Insurance Pool Joint Insurance Fund

(2) Standard Security Life Ins. Co.

(3) Selective Insurance Company.

(4) Ohio Casualty Insurance Company.

Source: District records.

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Mount Holly School District
County of Burlington
Mount Holly, New Jersey 08060

We have audited the financial statements of the Mount Holly School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings & Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings & Questioned Costs* as Finding No: 2011-01 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be a significant deficiency, as defined above.

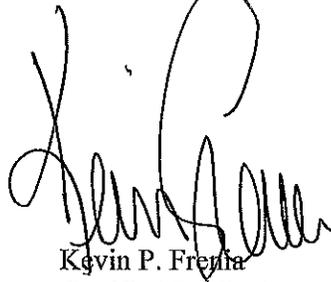
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mount Holly School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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 as Finding No: 2011-01.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
September 2, 2011



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Mount Holly School District
County of Burlington
Mount Holly, New Jersey 08060

Compliance

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

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

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

Internal Control Over Compliance

The management of the Board of Education of the Mount Holly School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws,

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regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Mount Holly School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Mount Holly School District's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding No: 2011-01 to be a material weakness.

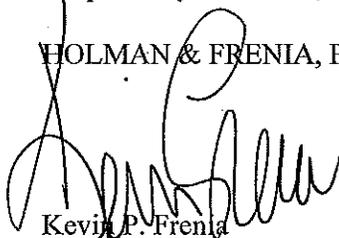
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance, as defined above, to be a significant deficiency.

Mount Holly School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Mount Holly School District's responses and, accordingly, we express no opinion to the responses.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
September 2, 2011

MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011 (ACCOUNTS DEFERRED DUE TO RECEIVABLE) REVENUE/ GRANTOR	
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:												
Food Distribution Program	10.550	N/A	\$22,304	7/1/10-6/30/11			22,304	(22,304)				
NSLP Equipment Assistance Grant	10.579	N/A	11,304	7/1/10-6/30/11			11,304	(11,304)				
National School Lunch Program	10.555	N/A	206,434	7/1/10-6/30/11			195,874	(206,434)			(10,560)	
National School Lunch Program	10.555	N/A	203,613	7/1/09-6/30/10	(\$17,631)		17,631					
National Breakfast Program	10.553	N/A	32,662	7/1/10-6/30/11			30,427	(32,662)			(2,235)	
National Breakfast Program	10.553	N/A	37,060	7/1/09-6/30/10	(3,296)		3,296					
Special Milk Program	10.556	N/A	951	7/1/10-6/30/11			896	(951)			(55)	
Total U.S. Department of Agriculture					(20,927)		281,732	(273,655)			(12,850)	
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:												
Special Revenue Fund:												
Title I - Current Year	84.010	NCLB471011	491,756	9/1/10-8/31/11		(110,411)	519,391	(491,756)			(82,776)	
Title I - Prior Year	84.010	NCLB471010	444,148	9/1/09-8/31/10	(110,411)	110,411						
Title I SIA- Prior Year	84.010	NCLB471009	110,538	9/1/08-8/31/09	(2,000)				2,000			
Title I SIA- Current Year	84.010	NCLB471010	17,346	9/1/09-8/31/10	(17,347)		17,347					
Title I SIG - Prior Year	84.010	NCLB471009	100,000	9/1/08-8/31/09	(1,153)		314		839			
Title II - A - Prior Year	84.367A	NCLB471010	131,713	9/1/09-8/31/10	(20,188)	20,188						
Title II - A - Current Year	84.367A	NCLB471011	118,861	9/1/10-8/31/11		(20,188)	108,149	(117,624)			(29,663)	
Title II - D - Prior Year	84.318X	NCLB471010	4,480	9/1/09-8/31/10	(1,989)	1,989						
Title II - D - Current Year	84.318X	NCLB471011	1,422	9/1/10-8/31/11		(1,989)	1,490	(1,422)			(1,921)	
Title III - Prior Year	84.365A	NCLB471008	9,668	9/1/07-8/31/08	1,215						1,215	
Title IV - Prior Year	84.186	NCLB471010	6,929	9/1/09-8/31/10	(3,915)		3,631				(284)	
ARRA Title I	84.389	NCLB471010	170,631	9/1/09-8/31/11	(25,189)		93,992	(92,791)			(23,988)	
ARRA Title I SIA	84.389	NCLB471010	8,942	9/1/09-8/31/11	(4,067)		4,067					
I.D.E.A. Part B, Basic Prior	84.027	FT-3430-10	378,488	9/1/09-8/31/10	(102,826)	102,826						
I.D.E.A. Part B, Basic Current	84.027	FT-3430-11	489,313	9/1/10-8/31/11		(102,826)	331,181	(462,947)			(234,592)	
I.D.E.A. B - Preschool - Prior Year	84.173	PS-3430-10	11,067	9/1/09-8/31/10	(1,377)	1,377						
I.D.E.A. B - Preschool - Current	84.173	PS-3430-11	10,310	9/1/08-8/31/09		(1,377)	5,427	(19,308)			(15,258)	
ARRA I.D.E.A. Part B, Regular	84.391	FT-3430-08	315,445	9/1/09-8/31/11	(47,914)		176,127	(185,119)			(56,906)	
ARRA I.D.E.A. Part B, Preschool	84.392	PS-3430-08	11,363	9/1/09-8/31/11	(2,936)		2,936	(485)			(485)	
Comprehensive School Reform	84.332A	(07-100-034- 5060-088-H060)	182,000	1/01/07-9/30/07	5,561					(5,561)		
General Fund:												
Medical Assistance Program	93.778	N/A	51,044	7/01/10-6/30/11			23,162	(51,044)			(27,882)	
Medical Assistance Program	93.778	N/A	58,088	7/01/09-6/30/10	(29,519)		29,519					
Total U.S. Department of Education					(364,055)		1,316,733	(1,422,496)	2,839	(5,561)	(473,755)	1,215
Total Federal Financial Assistance					(\$384,982)		1,598,465	(1,696,151)	2,839	(5,561)	(486,605)	1,215

MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011			MEMO	
								(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
Equalization Aid	11-495-034-5120-078	\$7,717,973	7/1/10-6/30/11		7,717,973	(7,717,973)					640,917	7,717,973
Adjustment Aid	11-495-034-5120-085	967,034	7/1/10-6/30/11		967,034	(967,034)					80,305	967,034
Categorical Transportation Aid	11-495-034-5120-014	135,776	7/1/10-6/30/11		135,776	(135,776)					11,275	135,776
Categorical Security Aid	11-495-034-5120-084	254,948	7/1/10-6/30/11		254,948	(254,948)					21,171	254,948
Categorical Special Education Aid	11-495-034-5120-089	494,395	7/1/10-6/30/11		494,395	(494,395)					41,056	494,395
Reimbursement of Nonpublic Transportation	10-103190	3,383	7/1/09-6/30/10	(\$3,383)	3,383							
Reimbursement of Nonpublic Transportation	11-103190	5,046	7/1/10-6/30/11			(5,046)		(5,046)				5,046
Extraordinary Aid	10-100-034-5120-473	40,827	7/1/09-6/30/10	(40,827)	40,827							
Extraordinary Aid	11-100-034-5120-473	37,129	7/1/10-6/30/11			(37,129)		(37,129)				37,129
Homeless Tuition Aid	N/A	135,221				(135,221)		(135,221)				135,221
Teachers Pension & Annuity	11-495-034-5095-006	526,397	7/1/10-6/30/11		526,397	(526,397)						526,397
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	10-495-034-5095-002	629,490	7/1/09-6/30/10	(30,677)	30,677							
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	11-495-034-5095-002	596,084	7/1/10-6/30/11		567,494	(596,084)		(28,590)				596,084
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	11-100-034-5120-064	12,164	7/1/10-6/30/11	10	12,164	(12,150)	(10)			14		12,150
Nursing Aid	11-100-034-5120-070	14,413	7/1/10-6/30/11		14,413	(14,413)						14,413
Auxiliary Services:												
Compensatory Education	11-100-034-5120-067	35,165	7/1/10-6/30/11		35,165	(29,305)				5,860		29,305
Compensatory Education	10-100-034-5120-067	48,945	7/1/09-6/30/10	20,253			(20,253)					
Transportation	10-100-034-5120-067	1,778	7/1/09-6/30/10	233			(233)					
Transportation	11-100-034-5120-067	1,817	7/1/10-6/30/11		1,817	(96)				1,721		96
Handicapped Services:												
Examination & Classification	10-100-034-5120-066	17,184	7/1/09-6/30/10	2,558			(2,558)					
Examination & Classification	11-100-034-5120-066	15,312	7/1/10-6/30/11		15,312	(13,713)				1,599		13,713
Corrective Speech	10-100-034-5120-066	26,005	7/1/09-6/30/10	9,685			(9,685)					
Corrective Speech	11-100-034-5120-066	22,687	7/1/10-6/30/11		22,687	(14,238)				8,449		14,238
Supplemental Instruction	10-100-034-5120-066	10,354	7/1/09-6/30/10	1,753			(1,753)					
Supplemental Instruction	11-100-034-5120-066	10,422	7/1/10-6/30/11		10,422	(8,199)				2,223		8,199
Early Childhood Program Aid	07-100-034-5120-025	583,288	7/1/06-6/30/07	625,120		(175,471)			449,649			175,471
IDEAL - Current Year	10-100-034-5120-066	60,000	7/1/09-6/30/10	(7,750)	7,750							
Enterprise Fund:												
State School Breakfast Program	10-100-010-3360-067	2,595	7/1/09-6/30/10	(225)	225							
State School Lunch Program	10-100-010-3360-067	9,263	7/1/09-6/30/10	(802)	802							
State School Lunch Program	11-100-010-3360-067	5,430	7/1/10-6/30/11		5,132	(5,706)		(574)				5,706
Total State Financial Assistance				\$575,948	10,864,793	(11,143,294)	(34,492)	(206,560)	449,649	19,866	794,724	11,143,294

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**MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011**

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal awards and state financial assistance programs of the Board of Education, Mount Holly Board of Education. The Board of Education is defined in Note 1 to the District's basic financial statements. All Federal and State awards received directly from Federal and State agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when 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 \$135,211 for the general fund and \$(103,705) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

**MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

3. Relationship to Basic Financial Statements (continued):

	State	Federal	Total
General Fund	\$11,005,214	\$ 51,044	\$11,056,258
Special Revenue Fund	267,275	1,268,057	1,535,332
Food Service Fund	<u>5,706</u>	<u>273,655</u>	<u>279,361</u>
Total Financial Assistance	<u>\$11,278,195</u>	<u>\$1,592,756</u>	<u>\$12,870,951</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

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

Note 6. Federal and State Loans Outstanding

The Mount Holly Board of Education had no loan balances outstanding at June 30, 2011.

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	Yes
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I – N.C.L.B.
84.027	I.D.E.A., Part B
84,389	ARRA – Title I
84.391	ARRA - I.D.E.A.,Part B

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

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

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal Control over major programs:

- | | |
|-------------------------------------------------------------------------------------------------------------------|--------------------|
| 1) Material weakness(es) identified? | No |
| 2) Significant deficiencies identified that are not considered
To be material weaknesses? | No |
| Type of auditor’s report issued on compliance for major programs | <u>Unqualified</u> |
| Any audit findings disclosed that are required to be reported in accordance
With NJ OMB Circular Letter 04-04? | No |

Identification of major programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-078	Equalization Aid

- | | |
|--------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$318,507 |
| Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

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

Finding 2011-01:

Criteria or Specific Requirement:

In order for the District to ensure that they are only paying for the health benefits of current District employees, there needs to be appropriate internal controls in place related to adding and removing employees to and from health benefits.

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

Section I – Summary of Auditor’s Results (continued)

Finding 2011-01 (continued):

Condition:

It was noted during our audit that multiple former employees were still enrolled in the District’s health benefits program.

Context:

Appropriate internal controls related to adding and removing employees from health benefits is necessary in order to ensure the District only incurs health benefit costs from current employees.

Effect:

The District risks paying for health benefits for former employees who are not entitled to coverage.

Cause:

Lack of internal controls around the process of adding and removing employees from health benefits.

Recommendation:

That the District improves their internal control procedures related to removing former employees from the District’s health benefit policy in a timely manner.

Views of Responsible Officials and Planned Corrective Actions:

The District agrees with this finding and will take the appropriate steps to correct this internal control deficiency.

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

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

No Current Year Findings

**MOUNT HOLLY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding 2009-01:

During the State audit of NCLB Title I for Fiscal Year 2006-2007, it was noted that a comparative analysis of the amount expended for each Title I funded school to corresponding school-based allocations reflected on the District's NCLB Consolidated Application disclosed significant variances.

Current Status:

This condition has been corrected