

# **Comprehensive Annual Financial Report**

**of the**

**Mainland Regional Board of Education**

**County of Atlantic, New Jersey**

**For the Year Ended June 30, 2012**

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## **INTRODUCTORY SECTION**



# MAINLAND REGIONAL HIGH SCHOOL

1301 Oak Avenue  
Linwood, New Jersey 08221-1698  
[www.mainlandregional.net](http://www.mainlandregional.net)  
Phone (609) 927-8058 Fax (609) 927-5956



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**Dr. Thomas A. Baruffi**  
*Superintendent*

**Kim Jensen Gniewyk**  
*Business Administrator*

**Mark C. Marrone**  
*Principal*

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December 17, 2012

Honorable President and  
Members of the Board of Education  
Mainland Regional High School District  
County of Atlantic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Mainland Regional High School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

## **1. REPORTING ENTITY AND ITS SERVICES:**

Mainland Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mainland Regional High School Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular and vocational, as well as special education for handicapped students. The District completed the 2011-2012 fiscal year with an enrollment of 1,510 students, which is 3% students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

### **Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2011-12	1,510.0	-3.0%
2010-11	1,643.5	0.0%
2009-10	1,643.5	+0.005%
2008-09	1,635.0	-.001%
2007-08	1,638.0	2.00%
2006-07	1,606.0	-.98%
2005-06	1,622.0	.55%
2004-05	1,613.0	.88%
2003-04	1,599.0	2.50%
2002-03	1,559.9	5.79%

## **2. ECONOMIC CONDITION AND OUTLOOK:**

Mainland Regional High School is comprised of the following three cities: Linwood, Somers Point and Northfield. The school is located in the City of Linwood. The tax base in the cities of Linwood, Northfield and Somers Point remained stable during the 2011-12 school year.

## **3. MAJOR INITIATIVES:**

### **Financial**

During the 2011-2012 school year the Business Office continued to conduct all the business of the District efficiently and completed another successful audit. The District continued as a member of the Atlantic County Cape May County Association of School Business Officials Joint Insurance Program. This jointure offered a cost savings to the District while offering a tremendous level of resources for safety training. Information from the JIF has been utilized by the Mainland Safety Committee throughout the school year.

The Mainland Regional High School Additions and Renovations Project began in April 2010. The Business Office and Facility Director have been heavily participating in the coordination of contractors and construction in progress in the facility. The Business Office has assumed the responsibility of maintaining all financial records regarding the project.

During the year the business office has also participated on the Budget Committee, Renovation Committee, Aquatic Advisory Commission, Dave Myers Memorial Wall Committee, Health and Safety Committee, and the Mainland Regional Community Partnership.

The Cafeteria has had the task of accommodating a new "Unit Lunch" schedule as of the beginning of the 2010-2011 school year. The "Unit Lunch" allows for all students and staff to eat at one time and allows for the students to eat outside of the cafeteria and utilize other areas of the facility such as the gyms, classrooms, hallways, and library. The "Unit Lunch" also allows our Senior Class to leave the campus for lunch with the approval of the parent or guardian. Due to the new lunch schedule the Cafeteria had to purchase movable kiosks, laptop computers and a new lunch software package. Coupled with the additional equipment and supplies, the Cafeteria experienced a loss in revenue due most likely due to the decrease in sold lunches and the decreases in State funding. The Cafeteria will be exploring other revenue sources over the 2012-2013 to eliminate any lost income due to serving fewer student lunches. The Cafeteria will continue to keep the food cost under control while providing healthy nutritional meals to the students of the District and sending Districts.

## **THE GOALS FOR THE 2012-2013 SCHOOL YEAR**

- A. Continue to conduct all the business of the District efficiently. Complete a successful audit for June 30, 2013.
- B. Continue to participate in the construction process for the renovation/addition project. The Construction/Renovation Project should be completed by January 2013.
- C. Continue to work with Administration and the Board of Education to support the instructional program during difficult funding years.

### **Education**

The 2011-2012 school year was another very successful year for Mainland Regional High School. Enrollment stayed steady with approximately 1510 students. With these numbers our facility is stretched, requiring above 90% utilization of our rooms. With the approved building referendum, updates to the overall facility, some new classrooms and significant improvement in office space began in the spring of 2010.

Our school/district underwent the QSAC (state monitoring) evaluation and was rated in the category of high performing school district at the conclusion of the review. With the Instructional Program we were able to reach the target score of 80, even though we did not make AYP. Overall our results on the HSPA were good (better than DFG and State averages) but Special Education scores were down and kept us from making AYP for the second year. In order to address these challenges we implemented additional opportunities for remedial help in the summer, the month prior to the HSPA administration and expanding after school tutoring availability. Other activities included additional transition activities for incoming 9<sup>th</sup> graders, additional resources for Special Education Language Arts and Math instruction, and implementation of a locally developed RTI (Response to Intervention) program in Language Arts.

Advanced Placement participation continues to be a strong point of our school. The commitment of MRHS to a strong Advanced Placement program is clear and will continue due to the many benefits received by students involved. Administratively, we continue to monitor the enrollment in these classes and work to ensure an inclusive, supportive environment for students to stretch themselves into the Advanced Placement level.

School goals for 2011-12 continued a focus on the New Jersey State Core Content Standards, curriculum revisions, the use of technology in the classroom and the results of the renovation/addition project. Significant gains were made in curriculum revisions utilizing central questions and common assessments. Improving school spirit and sportsmanship were other goals for the year which showed continued improvement. Pep Rallies and large crowds with excellent behavior showed the wonderful character that our students have. I am proud to say that our school is a leader in addressing this aspect of civility and respect in our area. Sportsmanship and school spirit will continue being supported and encouraged in the coming year.

Professional Development in 2011-12 focused on the implementation of the NJ Core Content Standards and establishment of professional learning communities with our teaching staff. Due to the new student schedule and the continuation of "Unit Lunch", administration and staff are able to utilize the first half hour of every day for staff professional development. While mainly departmental, other professional learning communities have evolved with Special Education, cross-curricular planning, and instructional uses of technology. Many teachers participated in ETTC training and attended workshops from other providers. The Professional Development Committee continued its work of implementing the state required 100 hours of professional development. Technology training continues to be a major emphasis of the school's technology plan. Training on a variety of topics was delivered in individual and group training sessions. This technology training supported the faculty through the full implementation of the district's student information system and provided assistance with the use of technology within instruction.

The active Parent Organization held monthly meetings which provided useful information and programs to parents throughout the school year. The organization provided a school directory, a Post-Prom extravaganza for fun, alcohol-free activities to round out Prom night, and grants to aid teachers with special projects. Additionally, they continued to offer programs of interest to students and parents within their monthly meetings such as monthly updates from the Superintendent and Principal, workshops on financial aid, SAT Writing, and college admission. Of particular note was the group's involvement in support of passage of our budget with a special day that offered community members the opportunity to see our school first hand and participate in a number of fun activities.

A student-student mentoring program within 9<sup>th</sup> grade lunch study halls was continued from previous years. This program showed success in helping with the transition of 9<sup>th</sup> graders. There was also a continuation of an adult-student mentoring program run by the school's Intervention and Referral Services Committee. Involvement of constituents continued, as well, with Faculty Advisory Committee meetings and Parent Advisory Committee meeting to get feedback on a variety of school issues at various times during the year.

The success of Mainland Regional High School is a testament to our fine student population, their parents who are highly involved in their child's education, our outstanding faculty that works very hard to provide quality instruction to our students, and the administration and staff who show a true commitment to our students and school. Administratively, efforts continue toward expanding our offerings and addressing student needs through program development and implementation. While our school continues to shine in academics as well as extracurricular and co-curricular programs, we look forward to providing additional opportunities and even better results in the years ahead. Our hope is to have every Mainland student taking advantage of our wide variety of school offerings and developing themselves into productive citizens throughout the local and global communities in the years ahead.

## **DISTRICT STRATEGIC PLANS**

In November the School Board approved its third Five-Year Strategic Plan to run from 2007-2012. The comprehensive final plan was developed by staff, parents, community members and students in a careful process coordinated by Supervisor Dan Kortvelesy and New Jersey School Boards consultant, Jane Kershner.

The Goals are as follows:

### **STRATEGIC PLAN GOALS, 2007-2012**

#### **Curriculum**

1. Will provide equal opportunities for all students based on abilities, needs and interests.
2. Develop mechanisms to enhance alignment between sending districts and Mainland Regional High School.
3. Acquire and utilize innovative techniques and tools to address changing curriculum.

#### **Communication**

1. External
  - a. Maximize use of existing Mainland Regional High School communication tools, i.e. radio station, television, Internet
  - b. Develop annual PR/Communication action plan
2. Internal
  - a. Create more comprehensive guidance tools for parents/students from grades 9-12
  - b. Enhance communication channels between parents-teachers/administrator/BOE; teacher-teacher, teacher-administrator.

#### **Climate**

1. Student: to provide and communicate support mechanisms for students' emotional, social and academic needs.
2. Staff: to ensure an environment for open dialogue between staff and administration.
3. School: to improve MRHS PRIDE among all stakeholders

#### **Finance**

1. Identify and pursue new revenue opportunities.
2. Get annual budget passed and develop strategic plan to communicate and promote budget in future.
3. Find and implement controls wherever feasible.

#### **Facilities**

1. Evaluate the options for providing a facility compatible with our mission statement.
2. Communicate to the community the results of the evaluation and options presented that will accomplish our goals.
3. Devise a funding strategy that is supported by the community.

Our students' achievement, overall experience, and growth remain the core of what Mainland is. In addition to Newsweek's AP recognition noted earlier, the numbers of all our students achieving success on the State HSPA exams have continued to rise. We have met NCLB benchmarks across all student groupings. Our Music and Art programs have garnered awards, and our clubs have competed at the highest levels.

In the coming year, we are hoping that our communities will unite behind our school renovation project and Budget. The New Jersey State QSAC process and regional Middle States Evaluation will help us strengthen and improve Mainland even further. We will work to implement major portions of the Strategic Plan. For me, it is a privilege to serve as Superintendent in this outstanding District and to work with this staff and School Board.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that :(1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

#### **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

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

#### **7. DEBT ADMINISTRATION:**

At June 30, 2012, the District's outstanding debt issues included \$1,695,000 of general obligation bonds issued on April 1, 2003 to refinance the Early Retirement Plan, \$6,610,000 of general obligation bonds issued on June 8, 2005 to refinance the 1999 and 2000 series, \$9,705,000 of general obligation bonds, series 2009A issued on October 15, 2009 and \$28,645,000 of general obligation bonds, series 2009B issued on October 15, 2009. The 2009 bonds were issued to provide funds for Improvements, repairs and equipment to the Districts facilities, including installation of solar energy panels.

## **8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Financial Statements, Note 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 Government 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.

## **9. RISK MANAGEMENT:**

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

## **10. OTHER INFORMATION:**

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of this report.

## **11. ACKNOWLEDGMENTS:**

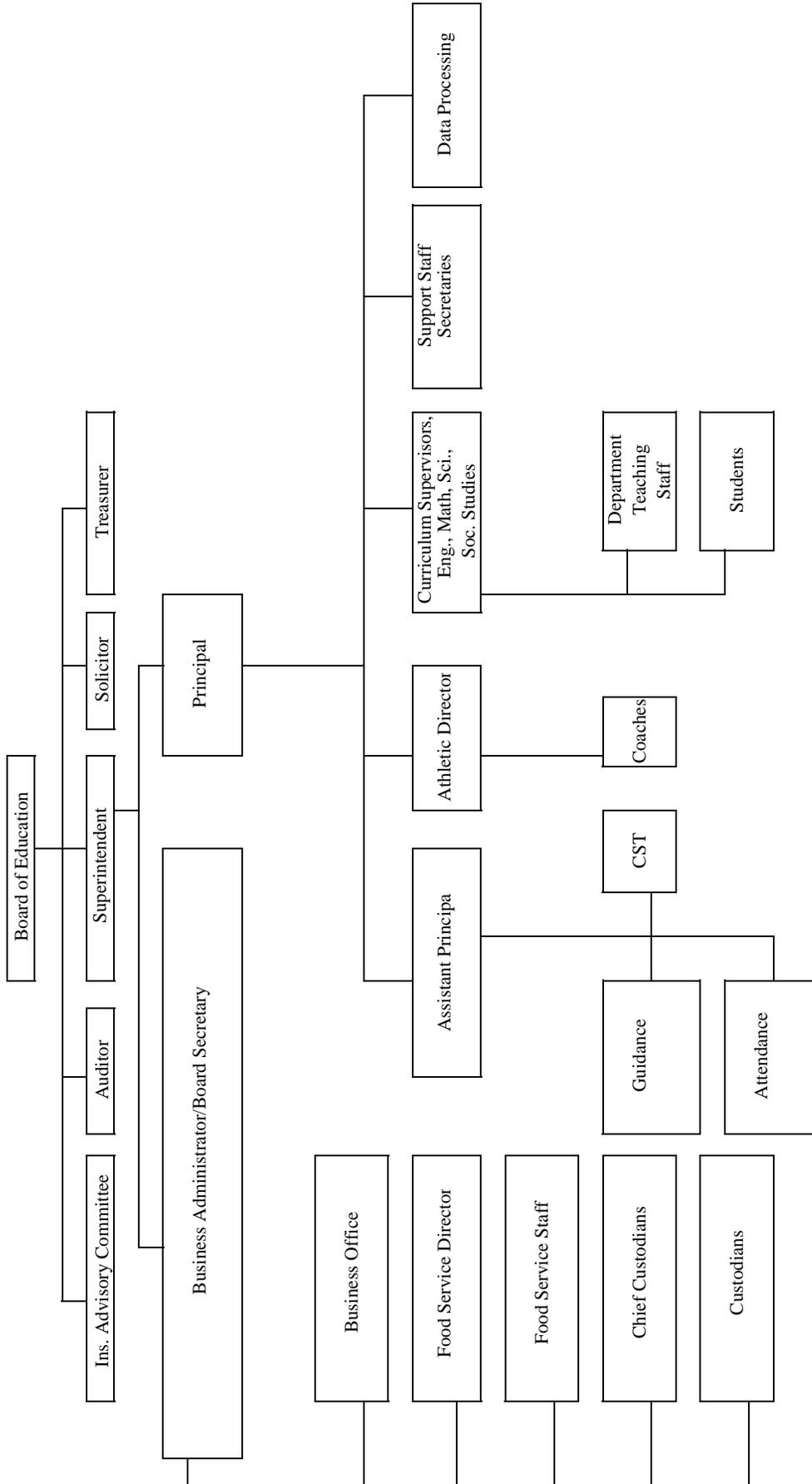
We would like to express our appreciation to the members of the Mainland Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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,



Ms. Kim Gniewyk  
Business Administrator/Board Secretary

MAINLAND REGIONAL HIGH SCHOOL  
ORGANIZATIONAL CHART



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
COUNTY OF ATLANTIC, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<b>Members of the Board of Education</b>	<b>Term Expires</b>
John Medica, President	2014
Dr. Bradford Jungels, Vice- President	2014
Maryanne Carey	2014
Charles Broomall	2015
Jill Ojserkis	2015
Leanne Gray	2015
Douglas Harvey	2013
Valarie Lonkart, Treasurer of School Funds	2013
Tay Person	2013
<b>Other Officials</b>	
Dr. Thomas A. Baruffi, Superintendent	
Kim Gniewyk, School Business Administrator/Board Secretary	
Valarie Lonkart, Treasurer of School Funds	
Louis Greco, Esq., Solicitor	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Ford, Scott & Associates, L.L.C.**

Certified Public Accountants  
1535 Haven Avenue  
P.O. Box 538  
Ocean City, NJ 08226-0538

**ATTORNEY**

**Louis Greco, Esq.**

800 Route 50, Suite 2B  
Mays Landing, NJ 08330

**OFFICIAL DEPOSITORIES**

**Ocean City Home Bank**

1001 Asbury Avenue  
Ocean City, NJ 08244-2520

**NJ/ARM Management Fund**

156 State Street  
Trenton, NJ 08608

**Cape Bank**

201 Shore Road  
Linwood, NJ 08221

**Beneficial Bank**

530 Walnut Street  
Philadelphia, Pa 19106-3696

**The Bank of New York**

385 Rifle Camp Road  
West Paterson, NJ 07424-0403

**MBIA**

Municipal Investors Service Corp.  
113 King Street  
Armonk, NY 10504

**NJ Cash Management Fund**

Morgan Stanley Trust  
Harborside Financial Center  
Plaza Two  
Jersey City, NJ 07311-3977

**FINANCIAL SECTION**

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OCEAN CITY, NJ • 08226-0538  
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1409 CANTILLON BLVD. • PO BOX 548  
MAYS LANDING, NJ 08330  
PHONE 609.625.0999 • FAX 609.625.2421

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Mainland Regional High School District  
County of Atlantic, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mainland Regional High School District, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mainland Regional High Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Mainland Regional High Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of the Mainland Regional High Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 an opinion on the financial statements as a whole. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Office of Management and Budget Circular 04-04 and are also not a required part of the basic financial statements. The introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining statements, and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Glen J. Ortman*

**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 853**

**December 17, 2012**

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of Mainland Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- In total, net assets increased \$1,901,309.29 which represents a 191 percent increase from 2011.
- General revenues accounted for \$25,588,326.64 in revenue, or, 83.5 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$5,048,542.39 or 16.5 percent of total revenues of \$30,636,869.03.
- Total assets of governmental activities increased by \$11,513.59 as cash and cash equivalents decreased by \$10,656,742.57, receivables decreased by \$533,006.14, capital assets increased by \$10,921,439.62 and deferred bond issue costs decreased by \$51,613.67.
- The School District had \$28,735,559.74 in expenses; only \$5,048,542.39 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$25,588,326.64 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$26,069,708.70 in revenues and \$25,104,806.40 in expenditures. The General Fund's fund balance increased \$984,902.30 over 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 Mainland Regional High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Mainland Regional High School District, the General Fund is by far the most significant fund.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

Fund Financial Statements

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 transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. 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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District's Most Significant Funds (Continued)**

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 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 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 2012 and 2011.

	<b>Table 1 Net Assets</b>	
	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 9,398,768.09	\$ 20,483,789.19
Capital Assets	41,718,726.43	30,800,282.61
Total Assets	51,117,494.52	51,284,071.80
<b>Liabilities</b>		
Long-Term Liabilities	47,553,432.44	49,467,279.80
Other Liabilities	666,710.48	820,749.69
Total Liabilities	48,220,142.92	50,288,029.49
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	(2,868,354.57)	(17,358,427.23)
Restricted	8,939,132.34	18,966,801.56
Unrestricted	(3,173,426.17)	(612,332.02)
Total Net Assets	\$ 2,897,351.60	\$ 996,042.31

The District's combined net assets were \$2,897,351.60 on June 30, 2012. This is an increase of 191 percent from the prior year.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**The School District as a Whole (Continued)**

Table 2 shows changes in net assets for fiscal year 2012 and 2011.

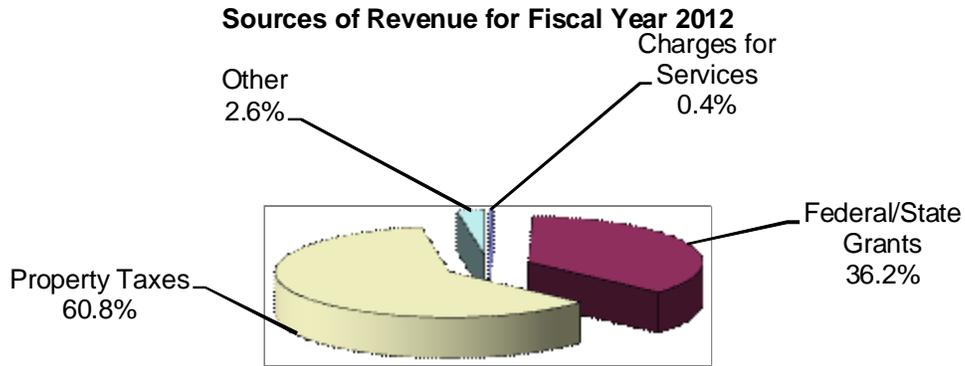
**Table 2  
Changes in Net Assets**

	2012	2011
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 625,703.95	\$ 709,484.63
Operating Grants and Contributions	4,422,838.44	4,203,474.53
General Revenues:		
Property Taxes	17,928,295.00	19,059,625.00
Grants and Entitlements	6,896,123.03	6,488,913.81
Other	763,908.61	502,466.92
Total Revenues	30,636,869.03	30,963,964.89
<b>Program Expenses</b>		
Instruction	15,545,478.23	14,902,250.45
Support Services:		
Pupils and Instructional Staff	4,483,421.82	4,576,081.24
General Administration, School Administration, Business Operations and Maintenance of Facilities	4,452,314.70	4,183,209.22
Pupil Transportation	984,864.07	908,215.15
Interest on Debt	1,561,304.10	1,476,419.72
Food Service	1,272,653.63	1,265,160.17
Aquatic Center	53,151.79	73,409.97
Other	382,371.40	434,929.60
Total Expenses	28,735,559.74	27,819,675.52
Increase in Net Assets	\$ 1,901,309.29	\$ 3,144,289.37

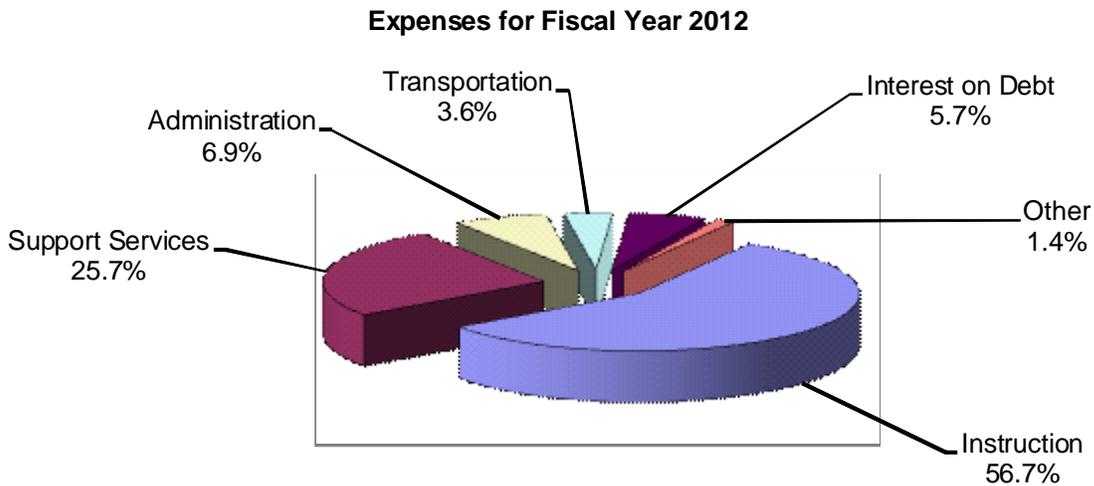
**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 60.8 percent of revenues for governmental activities for the Mainland Regional High School District for fiscal year 2012. The District's total revenues were \$27,497,504.43 for the year ended June 30, 2012. Federal, state, and local grants accounted for another 36.2 percent of revenue, as illustrated in the following chart.



The total cost of all program and services was \$27,409,754.32. Instruction comprises 56.7 percent of District expenses.



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Business-Type Activities**

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

- Food service expenses exceeded revenues by \$172,343.32. Aquatic Center expenses exceeded revenues by \$15,143.79.
- Charges for services represent \$505,163.80 of revenue. This represents amounts paid by patrons for daily food service and fees paid for use of the Aquatic Center.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$633,154.51.

**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.

**Table 3**

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 15,545,478.23	12,874,769.24	\$ 14,902,250.45	\$ 12,435,257.48
Support Services:				
Pupils and Instructional Staff	4,483,421.82	4,145,042.65	4,576,081.24	4,243,210.60
General Administration, School				
Administration, Business				
Operations and Maintenance				
of Facilities	4,452,314.70	4,159,407.78	4,183,209.22	3,962,224.71
Pupil Transportation	984,864.07	847,569.19	908,215.15	769,819.06
Interest and Fiscal Charges	1,561,304.10	1,091,893.19	1,476,419.72	902,297.52
Other	382,371.40	380,848.19	434,903.74	433,418.63
Total Expenses	<u>\$ 27,409,754.32</u>	<u>\$ 23,499,530.24</u>	<u>\$ 26,481,079.52</u>	<u>\$ 22,746,228.00</u>

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

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

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

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Governmental Activities (Continued)**

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

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

"Other" includes special schools, charter schools and unallocated depreciation.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$29,497,504.43 and expenditures were \$28,967,226.81. The net change in fund balance for the year was most significant in the General Fund with an increase of \$964,902.30.

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. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 18,811,697.47	63.77%	\$ (823,009.21)	-4.19%
State Sources	9,846,759.53	33.38%	263,014.75	2.74%
Federal Sources	839,047.43	2.84%	272,806.25	48.18%
Total	<u>\$ 29,497,504.43</u>	100.00%	<u>\$ (287,188.21)</u>	-0.96%

Federal Revenues increased by \$272,806.25. The increase in Federal Revenues is offset by a decrease in State Revenues of \$263,014.75.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**The School District's Funds (Continued)**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$ 11,780,612.82	40.67%	\$ 410,747.60	3.61%
Undistributed expenditures	13,498,376.38	46.60%	611,431.56	4.74%
Capital Outlay	131,746.93	0.45%	34,280.43	35.17%
Special Schools	12,195.00	0.04%	(1,237.50)	-9.21%
Charter Schools	155,991.00	0.54%	(17,384.00)	100.00%
Debt Service:				
Principal	1,820,000.00	6.28%	45,000.00	2.54%
Interest	1,568,304.68	5.41%	(46,916.42)	-2.90%
Total	<u>\$ 28,967,226.81</u>	100.00%	<u>\$ 1,035,921.67</u>	3.71%

Changes in expenditures were the results of varying factors.

**Capital Assets**

At the end of the fiscal year 2012, the School District had \$41,718,726.43 invested in land, building and equipment. Table 4 shows fiscal year 2012 balances compared to 2011.

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

	<u>2012</u>	<u>2011</u>
Land	\$ 1,076,079.00	1,076,079.00
Construction in Progress	35,367,755.74	24,112,751.15
Building and Building Improvements	4,218,628.54	4,448,919.07
Machinery and Equipment	1,056,263.15	1,162,533.39
Total	<u>\$ 41,718,726.43</u>	<u>\$ 30,800,282.61</u>

Overall capital assets increased \$10,918,443.82 from fiscal year 2011 to fiscal year 2012.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Debt Administration**

At June 30, 2012, the School District had \$47,553,432.44 of outstanding debt. Of this amount, \$811,464.47 is for compensated absences; \$86,967.97 for various capital leases; and \$44,960,000.00 of serial bonds for school construction and \$1,695,000.00 of refunding bonds for the Early Retirement Incentive Program.

**Table 5  
Outstanding Bonded Debt at June 30,**

	<b>2012</b>	<b>2011</b>
2003 Refunding Bonds - ERIP	\$ 1,695,000.00	\$ 1,810,000.00
2005 General Refunding Bonds	6,610,000.00	7,270,000.00
2009A General Obligation Bonds	9,705,000.00	10,750,000.00
2009B General Obligation Bonds	28,645,000.00	28,645,000.00
Total	\$ 46,655,000.00	\$ 48,475,000.00

For more detailed information please refer to the Notes to the Financial Statements.

**For the Future**

The Mainland Regional High School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is decreased. For the 2013-2014 School year, the District has been approved as a School Choice District and will be accepting thirtyfive out of district students from surrounding communities.

In April 2010 construction began on the Mainland Regional High School Additions and Renovations Project. The Project includes the addition of seven classrooms and renovations to all areas of the 50 year old building including HVAC and Technology. The project is anticipated to be completed by January, 2013.

**Contacting the School District's Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Kim Jensen Gniewyk, Business Administration/Board Secretary at Mainland Regional High School Board of Education, 1301 Oak Avenue, Linwood, New Jersey 08221. Please visit our website at [www.mainlandregional.net](http://www.mainlandregional.net).

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,952,231.27	\$ 93,965.96	\$ 8,046,197.23
Receivables, Net	430,594.25	186,744.82	617,339.07
Internal Balances	321,457.48	(321,457.48)	-
Due from Fiduciary Accounts	28,850.32	-	28,850.32
Inventory		16,448.18	16,448.18
Prepaid Expenses	230,046.32	-	230,046.32
Deferred Bond Issuance Costs	459,886.97	-	459,886.97
Capital Assets			
Land and Construction in Progress	36,443,834.74		36,443,834.74
Capital Assets being Depreciated, net	5,224,309.51	50,582.18	5,274,891.69
<b>Total Assets</b>	<b>51,091,210.86</b>	<b>26,283.66</b>	<b>51,117,494.52</b>
<b>LIABILITIES</b>			
Accounts Payable	543,844.91	76,812.43	620,657.34
Payable to State Government	15,071.73	-	15,071.73
Deferred Revenue	30,981.41	-	30,981.41
Noncurrent Liabilities			
Due Within One Year	1,937,410.94	-	1,937,410.94
Due Beyond One Year	45,616,021.50	-	45,616,021.50
<b>Total Liabilities</b>	<b>48,143,330.49</b>	<b>76,812.43</b>	<b>48,220,142.92</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt (Deficit)	(2,918,936.75)	50,582.18	(2,868,354.57)
Restricted for:			
Capital Projects	3,840,927.66	-	3,840,927.66
Other Purposes	5,098,204.68	-	5,098,204.68
Unrestricted	(3,072,315.22)	(101,110.95)	(3,173,426.17)
<b>Total Net Assets</b>	<b>\$ 2,947,880.37</b>	<b>\$ (50,528.77)</b>	<b>\$ 2,897,351.60</b>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Function/Programs	Expenses	Indirect Costs Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
Instruction:								
Regular	\$ 9,039,791.77	\$ 2,826,898.47	\$ -	\$ 1,496,972.30	\$ -	\$ (10,369,717.94)	\$ -	\$ (10,369,717.94)
Special Education	1,766,840.67	594,831.83	-	1,072,044.45	-	(1,289,628.05)	-	(1,289,628.05)
Other Special Instruction	1,035,679.57	281,435.92	-	101,692.24	-	(1,215,423.25)	-	(1,215,423.25)
Support Services:								
Tuition	1,256,855.02					(1,256,855.02)		(1,256,855.02)
Student & Instruction Related Services	2,502,004.98	724,561.82		338,379.17		(2,888,187.63)		(2,888,187.63)
School Administrative Services	663,618.53	234,770.85		84,830.58		(813,558.80)		(813,558.80)
Plant Operation and Maintenance	2,007,776.40	555,832.17	22,450.00	117,629.11		(2,423,529.46)		(2,423,529.46)
Pupil Transportation	879,734.80	105,129.27	98,090.15	39,204.73		(847,569.19)		(847,569.19)
Business and Other Support Services	802,132.65	188,184.10		67,997.23		(922,319.52)		(922,319.52)
Special Schools	12,206.48	4,215.52		1,523.21		(14,898.79)		(14,898.79)
Charter Schools	155,991.00					(155,991.00)		(155,991.00)
Interest on Long-Term Debt	1,561,304.10			469,410.91		(1,091,893.19)		(1,091,893.19)
Unallocated Benefits	5,285,569.42	(5,285,569.42)						
Unallocated Depreciation	440,248.93	(230,290.53)						
Total Governmental Activities	<u>27,409,754.32</u>	<u>(0.00)</u>	<u>120,540.15</u>	<u>3,789,683.93</u>	<u>-</u>	<u>(209,958.40)</u>	<u>-</u>	<u>(209,958.40)</u>
<b>Business-Type Activities:</b>								
Food Service	1,272,653.63		467,155.80	633,154.51		(172,343.32)		(172,343.32)
Aquatic Center	53,151.79		38,008.00			(15,143.79)		(15,143.79)
Total Business-Type Activities	<u>1,325,805.42</u>	<u>-</u>	<u>505,163.80</u>	<u>633,154.51</u>	<u>-</u>	<u>(187,487.11)</u>	<u>(172,343.32)</u>	<u>(187,487.11)</u>
Total Primary Government	<u>\$ 28,735,559.74</u>	<u>\$ (0.00)</u>	<u>\$ 625,703.95</u>	<u>\$ 4,422,838.44</u>	<u>\$ -</u>	<u>\$ (23,499,530.24)</u>	<u>\$ (187,487.11)</u>	<u>\$ (23,687,017.35)</u>

**General Revenues:**

**Taxes:**

Property Taxes, Levied for General Purposes, Net	\$ 16,066,746.00	\$ -	\$ 16,066,746.00
Taxes Levied for Debt Service	1,861,549.00	-	1,861,549.00
Federal and State Aid not Restricted	6,896,123.03	-	6,896,123.03
Investment Earnings	64,986.86	1,046.29	66,033.15
Miscellaneous Income	697,875.46	-	697,875.46

Total General Revenues, Special Items, Extraordinary Items and Transfers  
Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

	<u>25,587,280.35</u>	<u>1,046.29</u>	<u>25,588,326.64</u>
	<u>2,087,750.11</u>	<u>(186,440.82)</u>	<u>1,901,309.29</u>
	<u>860,130.26</u>	<u>135,912.05</u>	<u>996,042.31</u>
	<u>\$ 2,947,880.37</u>	<u>\$ (50,528.77)</u>	<u>\$ 2,897,351.60</u>

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

## **FUND FINANCIAL STATEMENTS**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,466,503.37	\$ 8,176.79	\$ 5,477,551.11		\$ 7,952,231.27
Due from Other Funds	871,467.74	2,034.52		28,303.00	901,805.26
Due from Fiduciary Accounts	28,850.32				28,850.32
Receivables from Other Governments	162,294.76	191,324.79		1,042.64	354,662.19
Other Receivables	75,930.06			2.00	75,932.06
Prepaid Expenses	230,046.32				230,046.32
<b>Total Assets</b>	<b>\$ 3,835,092.57</b>	<b>\$ 201,536.10</b>	<b>\$ 5,477,551.11</b>	<b>\$ 29,347.64</b>	<b>\$ 9,543,527.42</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 100,516.92	\$ 14,329.86	\$ -	\$ -	\$ 114,846.78
Interfunds Payable	1,260.00	141,153.10	409,627.36	28,307.32	580,347.78
Deposits Payable	2,800.00				2,800.00
Payable to State Government		15,071.73			15,071.73
Deferred Revenue		30,981.41			30,981.41
<b>Total Liabilities</b>	<b>104,576.92</b>	<b>201,536.10</b>	<b>409,627.36</b>	<b>28,307.32</b>	<b>744,047.70</b>
Fund Balances:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures	1,755,852.24				1,755,852.24
Excess Surplus - Current Year	1,803,713.84				1,803,713.84
Capital Projects			3,840,927.66		3,840,927.66
Debt Service				1,040.32	1,040.32
Committed to:					
Other Purposes			1,226,996.09		1,226,996.09
Assigned to:					
Designated by the BOE for Subsequent Year's Expenditures	173,461.76				173,461.76
Other Purposes	138,180.75				138,180.75
Unassigned:					
General Fund	(140,692.94)				(140,692.94)
<b>Total Fund Balances</b>	<b>3,730,515.65</b>	<b>-</b>	<b>5,067,923.75</b>	<b>1,040.32</b>	<b>8,799,479.72</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,835,092.57</b>	<b>\$ 201,536.10</b>	<b>\$ 5,477,551.11</b>	<b>\$ 29,347.64</b>	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$54,135,615.64 and the accumulated depreciation is \$12,467,471.39 (See Note 6)	41,668,144.25
The costs associated with the prepayment of the Early Retirement Incentive Program (ERIP) and the 2005 bond issue are capitalized on the statement of net assets	459,886.97
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(426,198.13)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7)	(47,553,432.44)
<b>Net assets of governmental activities</b>	<b>\$ 2,947,880.37</b>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 16,066,746.00	\$ -	\$ -	\$ 1,861,549.00	\$ 17,928,295.00
Transportation Fees from Other LEA's	98,090.15				98,090.15
Miscellaneous	785,312.32				785,312.32
Total Local Sources	16,950,148.47	-	-	1,861,549.00	18,811,697.47
State Sources	8,832,602.53	-		1,014,157.00	9,846,759.53
Federal Sources	286,957.70	552,089.73			839,047.43
Total Revenues	<u>26,069,708.70</u>	<u>552,089.73</u>	<u>-</u>	<u>2,875,706.00</u>	<u>29,497,504.43</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	8,504,960.02	475,519.05	-	-	8,980,479.07
Special Education Instruction	1,765,220.66				1,765,220.66
Other Special Instruction	1,034,913.09				1,034,913.09
Support Services:					
Tuition	1,256,855.02				1,256,855.02
Student & Instruction Related Serv.	2,423,460.98	76,570.68			2,500,031.66
School Administrative Services	662,979.14				662,979.14
Other Administrative Services	801,620.14				801,620.14
Plant Operation and Maintenance	2,111,872.52				2,111,872.52
Pupil Transportation	879,448.48				879,448.48
Employee Benefits	5,285,569.42				5,285,569.42
Special Schools	12,195.00				12,195.00
Transfer to Charter School	155,991.00				155,991.00
Debt Service:					
Principal				1,820,000.00	1,820,000.00
Interest and Other Charges				1,568,304.68	1,568,304.68
Capital Outlay	131,746.93	-	11,242,965.20		11,374,712.13
Total Expenditures	<u>25,026,832.40</u>	<u>552,089.73</u>	<u>11,242,965.20</u>	<u>3,388,304.68</u>	<u>40,210,192.01</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,042,876.30</u>	<u>-</u>	<u>(11,242,965.20)</u>	<u>(512,598.68)</u>	<u>(10,712,687.58)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out)	(77,974.00)			77,974.00	-
Total Other Financing Sources and Uses	<u>(77,974.00)</u>	<u>-</u>	<u>-</u>	<u>77,974.00</u>	<u>-</u>
Net Changes in Fund Balance	964,902.30	-	(11,242,965.20)	(434,624.68)	(10,712,687.58)
Fund Balance - July 1	2,765,613.35	-	16,310,888.95	435,665.00	19,512,167.30
Fund Balance - June 30	<u>\$ 3,730,515.65</u>	<u>\$ -</u>	<u>\$ 5,067,923.75</u>	<u>\$ 1,040.32</u>	<u>\$ 8,799,479.72</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2012**

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (10,712,687.58)

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, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (440,248.93)	
Capital outlay	<u>11,361,688.55</u>	10,921,439.62

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Bonds Payable		1,820,000.00
Capital Leases Payable		108,242.51

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 (+).

(14,395.15)

The costs associated with the prepayment of the Early Retirement Incentive Program (ERIP) and the 2005 Bond Issue are amortized over the life of the Bonds

(51,613.67)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.

16,764.38

Change in Net Assets of Governmental Activities

\$ 2,087,750.11

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2012**

	Business-type Activities - Enterprise Fund		
	Food Service	Aquatic Center (Non-Major Fund)	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 66,569.37	\$ 27,396.59	\$ 93,965.96
Accounts Receivable	186,744.82		186,744.82
Inventory	16,448.18		16,448.18
Interfund Receivable		3,192.63	3,192.63
Total Current Assets	<u>269,762.37</u>	<u>30,589.22</u>	<u>300,351.59</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	377,937.18		377,937.18
Less: Accumulated Depreciation	<u>(327,355.00)</u>		<u>(327,355.00)</u>
Total Noncurrent Assets	<u>50,582.18</u>	<u>-</u>	<u>50,582.18</u>
Total Assets	<u>\$ 320,344.55</u>	<u>\$ 30,589.22</u>	<u>\$ 350,933.77</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 76,812.43	\$ -	\$ 76,812.43
Interfund Payable	296,941.09	27,709.02	324,650.11
Total Current Liabilities	<u>373,753.52</u>	<u>27,709.02</u>	<u>401,462.54</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	50,582.18		50,582.18
Unrestricted	(103,991.15)	2,880.20	(101,110.95)
Total Net Assets	<u>\$ (53,408.97)</u>	<u>\$ 2,880.20</u>	<u>\$ (50,528.77)</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Fund		
	Food Service	Aquatic Center (Non-Major Fund)	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 246,781.36	\$ -	\$ 246,781.36
Daily Sales - Non-reimbursable Programs	134,065.89		134,065.89
Special Functions	22,644.53		22,644.53
Salary Reimbursement Fees	59,150.72		59,150.72
Membership and Lesson Fees		33,008.00	33,008.00
Use of Facility Fee		5,000.00	5,000.00
Miscellaneous	4,513.30		4,513.30
Total Operating Revenue	<u>467,155.80</u>	<u>38,008.00</u>	<u>505,163.80</u>
Operating Expenses:			
Cost of Sales	525,672.90		525,672.90
Salaries	491,394.38	48,973.50	540,367.88
Employee Benefits	177,865.27	3,899.48	181,764.75
Energy	2,223.80		2,223.80
Cleaning, Repair and Maintenance Services	6,274.46		6,274.46
General Supplies	57,459.05	278.81	57,737.86
Miscellaneous	8,767.97		8,767.97
Depreciation	2,995.80		2,995.80
Total Operating Expenses	<u>1,272,653.63</u>	<u>53,151.79</u>	<u>1,325,805.42</u>
Operating Income (Loss)	<u>(805,497.83)</u>	<u>(15,143.79)</u>	<u>(820,641.62)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	11,360.07		11,360.07
Federal Sources:			
National School Lunch Program	453,945.10		453,945.10
Federal Breakfast Program	99,506.89		99,506.89
Food Distribution Program	68,342.45		68,342.45
Interest and Investment Income	781.36	264.93	1,046.29
Total Nonoperating Revenues (Expenses)	<u>633,935.87</u>	<u>264.93</u>	<u>634,200.80</u>
Income (Loss) before Contributions & Transfers	<u>(171,561.96)</u>	<u>(14,878.86)</u>	<u>(186,440.82)</u>
Capital Contributions			-
Transfers In (Out)			-
Changes in Net Assets	(171,561.96)	(14,878.86)	(186,440.82)
Total Net Assets - Beginning	<u>118,152.99</u>	<u>17,759.06</u>	<u>135,912.05</u>
Total Net Assets - Ending	<u>\$ (53,408.97)</u>	<u>\$ 2,880.20</u>	<u>\$ (50,528.77)</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Fund		
	Food Service	Aquatic Center (Non-Major Fund)	Totals Enterprise
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 542,167.28	\$ 38,008.00	\$ 580,175.28
Payments to Employees	(491,394.38)	(48,973.50)	(540,367.88)
Payments for Employee Benefits	(177,865.27)	(3,899.48)	(181,764.75)
Payments for Supplies	(516,859.73)	(278.81)	(517,138.54)
Net Cash (Used for) Operating Activities	<u>(643,952.10)</u>	<u>(15,143.79)</u>	<u>(659,095.89)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	11,360.07	-	11,360.07
Federal Sources	553,451.99	-	553,451.99
Operating Subsidies and Transfers to Other Funds	72,539.70	0.01	72,539.71
Net Cash Provided by Noncapital Financing Activities	<u>637,351.76</u>	<u>0.01</u>	<u>637,351.77</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest and Dividends	781.36	264.93	1,046.29
Net Cash Provided by Investing Activities	<u>781.36</u>	<u>264.93</u>	<u>1,046.29</u>
Net (Decrease) in Cash and Cash Equivalents	(5,818.98)	(14,878.85)	(20,697.83)
Balance - Beginning of Year	72,388.35	42,275.44	114,663.79
Balance - End of Year	<u>\$ 66,569.37</u>	<u>\$ 27,396.59</u>	<u>\$ 93,965.96</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating (Loss)	\$ (805,497.83)	\$ (15,143.79)	\$ (820,641.62)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,995.80	-	2,995.80
Donated Commodities Received During the Year	68,342.45	-	68,342.45
Decrease in Accounts Receivable	75,011.48	-	75,011.48
Decrease in Inventories	6,846.05	-	6,846.05
Increase in Accounts Payable	8,349.95	-	8,349.95
Total Adjustments	<u>161,545.73</u>	<u>-</u>	<u>161,545.73</u>
Net Cash (Used for) Operating Activities	<u>\$ (643,952.10)</u>	<u>\$ (15,143.79)</u>	<u>\$ (659,095.89)</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Memorial Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 96,684.69	\$ 3,485.55	\$ 303,320.69
Due from Employees				39.27
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>-</u>	<u>96,684.69</u>	<u>3,485.55</u>	<u>303,359.96</u>
<b>LIABILITIES</b>				
Payable to District		4,500.00	-	24,350.32
Payroll Deductions and Withholdings				79.59
Payable to Student Groups				278,930.05
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>4,500.00</u>	<u>-</u>	<u>\$ 303,359.96</u>
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ -</u>			
Reserved for Scholarships		<u>\$ 92,184.69</u>		
Reserve for Memorial Trust			<u>\$ 3,485.55</u>	

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Memorial Trust Fund</u>
<b>ADDITIONS</b>			
Contributions:			
Other	\$	\$	\$
Total Contributions	<u>-</u>	<u>7,862.94</u>	<u>57,307.06</u>
Investment Earnings:			
Interest	<u>0.02</u>	<u>755.48</u>	<u>80.15</u>
Net Investment Earnings	<u>0.02</u>	<u>755.48</u>	<u>80.15</u>
Total Additions	<u>0.02</u>	<u>8,618.42</u>	<u>57,387.21</u>
<b>DEDUCTIONS</b>			
Scholarships Awarded		19,456.68	
Memorial Trust Disbursements			53,901.66
Paid to General Fund	<u>129.66</u>		
Total Deductions	<u>129.66</u>	<u>19,456.68</u>	<u>53,901.66</u>
Changes in Net Assets	(129.64)	(10,838.26)	3,485.55
Net Assets - Beginning of the Year	129.64	103,022.95	-
Net Assets - End of the Year	<u>\$ -</u>	<u>\$ 92,184.69</u>	<u>\$ 3,485.55</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is a Type II district located in Atlantic County. The Board consists of nine members elected to three-year terms. The purpose of the district is to educate students in grades 9 through 12. The District receives its students from Linwood, Somers Point and Northfield. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

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

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

**B. Basis of Presentation, Measurement Focus and Basis of Accounting**

**Basis of Presentation**

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

*District-Wide Financial Statements:* The statement of net assets and the statement of activities display information about the district as a whole. These statements report the financial activities of the overall District, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, intergovernmental revenues, and other non-exchange transactions from business-type activities, generally financed in whole or in part with fees charged to external parties.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges and fees paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing, or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education ("Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Governmental Funds

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus, and Basis of Accounting - Continued**

Governmental Funds - Continued

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

Proprietary Funds

The District reports the following proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund and the Aquatic Center Fund, which account for all revenues and expenses pertaining to the District's cafeteria operations and aquatic center, respectively.

Fiduciary Funds

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust, the Scholarship Funds and the Memorial Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**Measurement Focus and Basis of Accounting**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus, and Basis of Accounting - Continued**

**Measurement Focus and Basis of Accounting - Continued**

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

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 fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments/transfer must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year.

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

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Budgets/Budgetary Control - Continued**

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

**D. Encumbrance Accounting**

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**E. Assets, Liabilities and Equity**

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, bank deposits 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. New Jersey statute 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 a 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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Interfund Transactions

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

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

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

Capital Assets

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

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Compensated Absences

The District accounts for compensated absences (e.g., unused sick, vacation leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". 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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Compensated Absences - Continued

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations

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

Net Assets

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified 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 of legal or contractual restraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions 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 Board of Education, Superintendent or Business Administrator.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted an unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used be spent first when expenditures are made.

Revenues – Exchange and Nonexchange Transactions

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlement, and donations is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses

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

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. Recent Accounting Pronouncements**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District's financial reporting.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank Balance of \$10,702,309.03 as of June 30, 2012, \$204,667.20 was uninsured and uncollateralized.

**Investments**

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. In order to maximize liquidity, while complying with statutory requirements, the District utilizes the New Jersey Cash Management Fund ("NJCMF"), the New Jersey's Asset and Rebate management Program ("NJ/ARM") and MBIA "CLASS" for investing purposes.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued**

**Investments - Continued**

The NJCMF is administered by New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term commercial paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. At June 30, 2012, the Board's balance was \$31,698.94.

The NJ/ARM is an external investment pool administered by a third party. It invests pooled monies from various local governmental units within the State of New Jersey in primarily short-term investments. These investments include: U.S. Treasury bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity no greater than 397 days, and repurchase agreements fully collateralized by U.S. Treasury or Federal agency obligations. Monies can be freely added or withdrawn from the NJ/ARM on a daily basis without penalty. At June 30, 2012, the District's balance was \$75,729.88.

MBIA's New Jersey CLASS pool is a 2a7-like investment pool. At June 30, 2012, the District's balance was \$6,306.50.

Credit Risk: The NJ/ARM is rated "AAAm" by Standard and Poor's. The NJCMF is not rated. MBIA's New Jersey CLASS is rated "AAA/V1+" by Fitch Ratings. The District does not have an investment policy regarding the management of credit risk.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. As noted below, the investment in the NJ/ARM has a weighted average maturity of 1 day at June 30, 2012. Weighted average maturity was not available for the New Jersey Cash Management Fund.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
New Jersey Cash Management Fund	\$ 31,698.94	Not Available
MBIA's CLASS	6,306.50	Not Available
NJ/ARM	75,729.88	1
	<u>\$ 113,735.32</u>	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 3 – RECEIVABLES**

Receivables at June 30, 2012, consisted of accounts (other), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District Wide Financial Statements
State Aid	\$ 134,289.92	\$ 168,017.74
Federal Aid	186,324.36	222,858.39
Interfunds	901,805.26	-
Due from Fiduciary Accounts	28,850.32	28,850.32
Other	109,979.97	226,462.94
Gross Receivables	1,361,249.83	646,189.39
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 1,361,249.83	\$ 646,189.39

**NOTE 4 – INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be expended in the Debt Service Fund; (2) repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 871,467.74	\$ 1,260.00
Debt Service Fund	28,303.00	28,307.32
Capital Projects Fund	-	409,627.36
Special Revenue Fund	2,034.52	141,153.10
Food Service Enterprise Fund	-	296,941.09
Aquatic Center Enterprise Fund	3,192.63	27,709.02
Total	\$ 904,997.89	\$ 904,997.89

The general fund receivable is comprised of multiple amounts due from the various other funds. The main component is reimbursements for salaries and wages being reimbursed to the general fund and the other is for interest earned in other funds and due to the general fund. The payable in the general fund is largely the result of state and federal aid received in the general fund and owed to the food service fund.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 5 – INVENTORY**

Inventory in the Food Service Enterprise Fund at June 30, 2012, consisted of the following:

Food	\$	12,950.21
Supplies		<u>3,497.97</u>
	\$	<u><u>16,448.18</u></u>

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,076,079.00	\$	\$	\$ 1,076,079.00
Construction in Progress	<u>24,112,751.15</u>	<u>11,255,004.59</u>		<u>35,367,755.74</u>
Total capital assets not being depreciated	<u>25,188,830.15</u>	<u>11,255,004.59</u>	-	<u>36,443,834.74</u>
Capital assets being depreciated:				
Buildings and building improvements	11,341,351.00			11,341,351.00
Equipment	6,243,745.94	106,683.96		6,350,429.90
Total capital assets being depreciated at historical cost	<u>17,585,096.94</u>	<u>106,683.96</u>	-	<u>17,691,780.90</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,892,431.93)	(230,290.53)		(7,122,722.46)
Equipment	(5,134,790.53)	(209,958.40)		(5,344,748.93)
Total capital assets being depreciated, net of accumulated depreciation	<u>5,557,874.48</u>	<u>(333,564.97)</u>	-	<u>5,224,309.51</u>
Governmental activity capital assets, net	<u>\$ 30,746,704.63</u>	<u>\$ 10,921,439.62</u>	-	<u>\$ 41,668,144.25</u>
Capital assets being depreciated:				
Equipment	\$ 377,937.18	\$	\$	\$ 377,937.18
Less accumulated depreciation	<u>(324,359.20)</u>	<u>(2,995.80)</u>		<u>(327,355.00)</u>
Enterprise Fund capital assets, net	<u>\$ 53,577.98</u>	<u>\$ (2,995.80)</u>	-	<u>\$ 50,582.18</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Balance July 1, 2011	Issues or Additions	Payments or Expenditures	Balance June 30, 2012	Amounts Due Within One Year
Compensated Absences	\$ 797,069.32	\$ 14,395.15	\$	\$ 811,464.47	\$
Capital Leases	195,210.48	-	108,242.51	86,967.97	62,410.94
Bonds Payable	48,475,000.00		1,820,000.00	46,655,000.00	1,875,000.00
	<u>\$ 49,467,279.80</u>	<u>\$ 14,395.15</u>	<u>\$ 1,928,242.51</u>	<u>\$ 47,553,432.44</u>	<u>\$ 1,937,410.94</u>

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

Bonds Payable

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

At June 30, 2012, bonds payable consisted of the following issues:

\$2,585,000 Early Retirement Incentive Program Refunding Bonds, Series 2003, dated April 1, 2003, due in annual installments through April 1, 2023, bearing interest at varying rates. The balance remaining as of June 30, 2012 is \$1,695,000.00.

\$8,125,000 General Obligation School Refunding Bonds dated June 1, 2005, due in annual installments through August 1, 2020, bearing interest at varying rates. The balance remaining as of June 30, 2012 is \$6,610,000.00.

\$11,770,000 General Obligation Bonds, Series A dated October 15, 2009, due in annual installments through October 15, 2019, bearing interest at varying rates. The balance remaining as of June 30, 2012 is \$9,705,000.00.

\$28,645,000 General Obligation Bonds, Series B (Taxable Direct Build America Bonds) dated October 15, 2009, due in annual installments through October 15, 2029, bearing interest at varying rates. The balance remaining as of June 30, 2012 is \$28,645,000.00. Interest on the Build America Bonds are subject to a 35% subsidy from the Federal Government. The federal subsidy would amount to \$8,486,982 over the life of the bonds.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 7 – LONG-TERM OBLIGATIONS - Continued**

Debt service requirements on serial bonds payable at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,875,000.00	\$ 2,043,000.03	\$ 3,918,000.03
2014	1,930,000.00	1,992,071.28	3,922,071.28
2015	1,995,000.00	1,937,338.78	3,932,338.78
2016	2,060,000.00	1,876,310.03	3,936,310.03
2017	2,130,000.00	1,811,531.28	3,941,531.28
2018-2022	11,855,000.00	7,896,244.39	19,751,244.39
2023-2027	14,460,000.00	4,860,531.26	19,320,531.26
2028-2030	10,350,000.00	889,225.00	11,239,225.00
	<u>\$ 46,655,000.00</u>	<u>\$ 23,306,252.05</u>	<u>\$ 69,961,252.05</u>

Capital Leases

The District is leasing Technology Equipment totaling \$124,861.31 and a World Language Lab totaling \$158,032.60 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2012:

Fiscal Year Ending June 30,	Principal
2013	\$ 66,108.34
2014	24,919.90
Total minimum lease payments	91,028.24
Less amount representing interest	4,060.27
Present value of lease payments	<u>\$ 86,967.97</u>

**NOTE 8 – DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The costs associated with the refunding issue of April 1, 2003 amounted to \$108,410 and the costs will be amortized over a 30-year period, beginning in fiscal year 2004. The costs associated with the refunding issue of June 1, 2005 amounted to \$720,000.00 and will be amortized over a 15-year period beginning in fiscal year 2006. The unamortized amount at June 30, 2012 is \$459,886.97.

**NOTE 9 – PENSION PLANS**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 9 – PENSION PLANS - Continued**

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2012.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS 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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 9 – PENSION PLANS - Continued**

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) that changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

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 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF. The School District's contributions to TPAF for the years ending June 30, 2012, 2011 and 2010 were \$354,694, \$0, and \$0 respectively, and paid by the State of New Jersey on behalf of the Board. The State of New Jersey did not make the required contributions for two of the last three years. The School District's contributions to PERS for the years ending June 30, 2012, 2011, 2010 were \$304,087.00, \$287,294.00, and \$216,896.00 respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2012, the State of New Jersey made a contribution to the TPAF for non-contributory insurance and post-retirement benefits on behalf of the District in the amount of \$713,025.00. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$842,134.53 during the year ended June 30, 2012 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 Statement No. 27.

**NOTE 10 – POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Divisions of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits 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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 10 – POST-RETIREMENT BENEFITS - Continued**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pension and Annuity Fund (TPAF) and 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 and payment of post-retirement medical benefits for retired state employees through 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides free health benefits for members PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 11 – 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.

The liability for vested compensated absences for the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability of compensated absences.

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, 2012, no liability existed for compensated absences in the Food Service Enterprise Fund.

**NOTE 12 – DEFERRED COMPENSATION**

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

- VALIC (Variable Annuity Life insurance Co.)
- Lincoln Investment Planning Inc.
- Hartford/Janney
- Equitable (Equi-Vest)
- Siracusa Benefits Program
- Merill Lynch – ending December 1, 2009
- Vanguard

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 13 – CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by Mainland Regional High Board of Education by the inclusion of \$200,000 during the 2000-2001 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The District transferred \$77,974.00 into the Capital Reserve Account during the year, and the Capital Reserve Account transferred \$77,974.00 to the Debt Service Fund during the current fiscal year.

The District does not have a capital reserve at June 30, 2012.

**NOTE 14 – RISK MANAGEMENT**

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory method". Under this plan, the District is required to remit deductions directly to the New Jersey Commissioner of Labor. The district no longer uses the "Benefit Reimbursement method" or makes deposits into the Unemployment Compensation Insurance Trust Fund.

The District purchases commercial insurance which includes the following coverage: Property – Blanket Building and Contents; Comprehensive; Employee Benefits liability coverage; Business Auto; Excess Liability; Excess Liability; Workers compensation; Boiler and Machinery; Student Accident and legal liability. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 15 – CONTINGENT LIABILITIES**

Federal and State Grants

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 16 – FUND BALANCES**

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District's major sources of special revenue funds is federal grant funding for the No Child Left Behind (NCLB) program, federal grants for special education and state grants for Preschool Education Aid. Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2012.

Restricted Fund Balance

Excess Surplus – \$3,559,566.08 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$1,755,852.24 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013).

Capital Projects – \$3,840,927.66 is restricted for a Capital Project for various additions and renovations to the High School.

Debt Service – As of June 30, 2012, the restricted balance in the debt service fund was \$1,040.32.

Committed Fund Balance - The District's Committed Fund balance for other purposes of \$1,226,996.09 consists of construction contracts payable authorized by the Board of Education during 2011-12 for the various capital projects.

Assigned Fund Balance – At June 30, 2012, the District has assigned \$173,461.76 of general fund balance to expenditures in the 2012-13 budget. In addition, the District assigned fund balance in the general fund for other purposes of \$138,180.75. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District Officials.

Unassigned Fund Balance – At June 30, 2012, the District has a deficit of \$140,692.94 of unassigned fund balance in the general fund.

**NOTE 17 – CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$1,803,713.84.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (CONTINUED)**

**NOTE 18 – COMMITMENTS**

The District does not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund or Committed Fund Balance in the Capital Project Fund. Significant encumbrances at June 30, 2012 are as follows;

Fund	Amount
General Fund Encumbered Orders	\$ 138,180.75
Capital Projects Fund Encumbered Contracts	1,226,996.09
	\$ 1,365,176.84

**NOTE 19 – ECONOMIC DEPENDENCY**

The District receives support from federal government and from state governments through local school districts. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

**NOTE 20 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2012 through December 17, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 16,066,746.00	-	\$ 16,066,746.00	\$ 16,066,746.00	\$ -
Transportation Fees from Other LEA's	60,000.00	-	60,000.00	98,090.15	38,090.15
Miscellaneous	644,092.00	-	644,092.00	785,312.32	141,220.32
<b>Total Local Sources</b>	<b>16,770,838.00</b>	<b>-</b>	<b>16,770,838.00</b>	<b>16,950,148.47</b>	<b>179,310.47</b>
State Sources:					
Categorical Special Education Aid	858,684.00	-	858,684.00	858,684.00	-
Extraordinary Aid	75,000.00	-	75,000.00	84,496.00	9,496.00
Equalization Aid	5,787,964.00	-	5,787,964.00	6,033,099.00	245,135.00
Other State Aid	-	-	-	745.00	745.00
Non Public School Transportation Costs	-	-	-	1,218.00	1,218.00
On-behalf TPAF Pension (Non-Budgeted)	-	-	-	354,694.00	354,694.00
On-behalf TPAF Postretirement Contributions (Non-Budgeted)	-	-	-	713,025.00	713,025.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	842,134.53	842,134.53
<b>Total State Sources</b>	<b>6,721,648.00</b>	<b>-</b>	<b>6,721,648.00</b>	<b>8,888,095.53</b>	<b>2,166,447.53</b>
Federal Sources:					
Educational Jobs Fund	252,723.00	-	252,723.00	252,723.00	-
Medicaid Reimbursement (SEMI)	21,955.00	-	21,955.00	33,523.93	11,568.93
Medicaid Administrative Claiming (MAC)	-	-	-	710.77	-
<b>Total Federal Sources</b>	<b>274,678.00</b>	<b>-</b>	<b>274,678.00</b>	<b>286,957.70</b>	<b>11,568.93</b>
<b>Total Revenues</b>	<b>23,767,164.00</b>	<b>-</b>	<b>23,767,164.00</b>	<b>26,125,201.70</b>	<b>2,357,326.93</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>REGULAR PROGRAMS - INSTRUCTION</b>					
Grades 9 - 12 Salaries of Teachers	7,906,489.97	(40,000.00)	7,866,489.97	7,783,235.30	83,254.67
Other Salaries for Instruction	-	252,723.00	252,723.00	252,723.00	-
Regular Programs - Home Instruction	-	-	-	-	-
Salaries of Teachers	141,196.25	22,000.00	163,196.25	141,930.00	21,266.25
Regular Programs - Indistributed Instruction	-	-	-	-	-
Other Purchased Services (400-500 Series)	83,800.00	(10,800.00)	73,000.00	62,953.15	10,046.85
General Supplies	271,782.05	2,499.03	274,281.08	220,610.15	53,670.93
Textbooks	52,385.00	6,330.00	58,715.00	38,578.42	20,136.58
Other Objects	17,200.00	-	17,200.00	4,930.00	12,270.00
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>8,472,853.27</b>	<b>232,752.03</b>	<b>8,705,605.30</b>	<b>8,504,960.02</b>	<b>200,645.28</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Resource Room/Resource Center					
Salaries of Teachers	1,584,390.00	(13,550.30)	1,570,839.70	1,469,856.33	100,983.37
Other Salaries for Instruction	488,250.00	(203,398.00)	284,852.00	250,922.91	33,929.09
General Supplies	32,280.00	(200.00)	32,080.00	31,411.34	668.66
Textbooks	11,628.12	2,000.00	13,628.12	13,030.08	598.04
<b>Total Resource Room/Resource Center</b>	<b>2,116,548.12</b>	<b>(215,148.30)</b>	<b>1,901,399.82</b>	<b>1,765,220.66</b>	<b>136,179.16</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,116,548.12</b>	<b>(215,148.30)</b>	<b>1,901,399.82</b>	<b>1,765,220.66</b>	<b>136,179.16</b>
Bilingual Education - Instruction					
General Supplies	250.00	-	250.00	-	250.00
<b>Total Bilingual Education - Instruction</b>	<b>250.00</b>	<b>-</b>	<b>250.00</b>	<b>-</b>	<b>250.00</b>
School-Spon. Cocurricular Activities - Instruction					
Salaries	305,675.00	48,025.30	353,700.30	353,667.01	33.29
Other Objects	30,000.00	(259.00)	29,741.00	24,336.64	5,404.36
<b>Total School-Spon. Cocurricular Activities - Inst.</b>	<b>335,675.00</b>	<b>47,766.30</b>	<b>383,441.30</b>	<b>378,003.65</b>	<b>5,437.65</b>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
School-Spon. Cocurricular Athletics - Instruction					
Salaries	\$ 466,788.00	\$ (6,290.00)	\$ 460,498.00	\$ 460,494.34	\$ 3.66
Purchased Services (300-500 series)	65,250.00	11,975.00	77,225.00	75,148.94	2,076.06
Supplies & Materials	93,383.35	23,579.97	116,963.32	112,064.72	4,898.60
Other Objects	12,400.00	(150.00)	12,250.00	9,201.44	3,048.56
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>637,821.35</b>	<b>29,114.97</b>	<b>666,936.32</b>	<b>656,909.44</b>	<b>10,026.88</b>
<b>TOTAL INSTRUCTION</b>	<b>11,563,147.74</b>	<b>94,485.00</b>	<b>11,657,632.74</b>	<b>11,305,093.77</b>	<b>352,538.97</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Instruction					
Tuition to County Voc. School District - Regular	167,035.00	42,995.00	210,030.00	210,030.00	-
Tuition to CSSD & Regional Day Schools	862,975.13	(152,295.00)	710,680.13	629,862.50	80,817.63
Tuition to Private Schools for the Disabled - Within State	248,273.00	32,900.00	281,173.00	171,257.60	109,915.40
Tuition to Private Schools for the Disabled & Other LEA - Spl. O/S St.	140,000.00	-	140,000.00	127,951.92	12,048.08
Tuition - State Facilities	117,753.00	-	117,753.00	117,753.00	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,536,036.13</b>	<b>(76,400.00)</b>	<b>1,459,636.13</b>	<b>1,256,855.02</b>	<b>202,781.11</b>
Undistributed Expend. - Attend. & Social Worker					
Salaries	37,900.00	1,000.00	38,900.00	38,900.00	-
Supplies & Materials	500.00	(500.00)	-	-	-
<b>Total Undist. Expend. - Attend. &amp; Social Worker</b>	<b>38,400.00</b>	<b>500.00</b>	<b>38,900.00</b>	<b>38,900.00</b>	<b>-</b>
Undistributed Expend. - Health Services					
Salaries	133,250.00	4,400.00	137,650.00	136,955.99	694.01
Purchased Professional and Technical Services	22,500.00	(1,345.00)	21,155.00	19,998.38	1,156.62
Supplies & Materials	2,000.00	-	2,000.00	1,555.11	444.89
<b>Total Undistributed Expend. - Health Services</b>	<b>157,750.00</b>	<b>3,055.00</b>	<b>160,805.00</b>	<b>158,509.48</b>	<b>2,295.52</b>
Undistributed Expend.- Other Support Services					
Students-Related Services					
Salaries of Other Professional Staff	177,300.00	(101,669.00)	75,631.00	-	75,631.00
Purchased Professional - Educational Services	-	55,000.00	55,000.00	41,266.50	13,733.50
Supplies and Materials	850.00	-	850.00	-	850.00
<b>Total Undist. Expend. - Other Support Serv. Students Related Services</b>	<b>178,150.00</b>	<b>(46,669.00)</b>	<b>131,481.00</b>	<b>41,266.50</b>	<b>90,214.50</b>
Undist. Expend. - Other Support Serv. Students - Regular					
Salaries of Other Professional Staff	519,861.96	2,019.09	521,881.05	520,112.62	1,768.43
Salaries of Secretarial and Clerical Assistants	125,600.00	(8,019.09)	117,580.91	106,501.31	11,079.60
Supplies & Materials	23,792.00	1,000.00	24,792.00	17,816.65	6,975.35
<b>Total Undist. Expend. - Other Support Services Students - Regular</b>	<b>669,253.96</b>	<b>(5,000.00)</b>	<b>664,253.96</b>	<b>644,430.58</b>	<b>19,823.38</b>
Undist. Expend. - Other Support Serv. Students - Special					
Salaries of Other Professional Staff	414,000.00	2,479.40	416,479.40	416,436.06	43.34
Salaries of Secretarial and Clerical Assistants	101,200.00	(4,629.40)	96,570.60	94,699.80	1,870.80
Purchased Professional - Education Services	28,700.00	19,500.00	48,200.00	45,792.64	2,407.36
Supplies & Materials	21,875.00	3,150.00	25,025.00	23,062.68	1,962.32
<b>Total Undist. Expend. - Other Support Services Students - Special</b>	<b>565,775.00</b>	<b>20,500.00</b>	<b>586,275.00</b>	<b>579,991.18</b>	<b>6,283.82</b>
Undist. Expend.-Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	392,039.50	-	392,039.50	381,409.49	10,630.01
Salaries of Secr and Clerical Assist.	136,800.00	-	136,800.00	133,374.13	3,425.87
<b>Total Undist. Expend.-Improvement of Instructional Services</b>	<b>528,839.50</b>	<b>-</b>	<b>528,839.50</b>	<b>514,783.62</b>	<b>14,055.88</b>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 294,110.00	\$ (5,000.00)	\$ 289,110.00	\$ 267,683.61	\$ 21,426.39
Other Purchased Services (400-500 Series)	58,243.35	22.61	58,265.96	58,265.96	-
Supplies & Materials	95,200.00	4,877.39	100,077.39	96,790.32	3,287.07
Total Undistributed Expenditures - Educational Media Services - School Library	<u>447,553.35</u>	<u>(100.00)</u>	<u>447,453.35</u>	<u>422,739.89</u>	<u>24,713.46</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	40,399.00	(5,450.00)	34,949.00	17,900.08	17,048.92
Other Purchased Services (400-500 series)	9,435.00	2,550.00	11,985.00	4,939.65	7,045.35
Total Undistributed Expenditures - Instructional Staff Training Services	<u>49,834.00</u>	<u>(2,900.00)</u>	<u>46,934.00</u>	<u>22,839.73</u>	<u>24,094.27</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	179,727.44	2,200.00	181,927.44	169,613.19	12,314.25
Legal Services	50,000.00	(5,000.00)	45,000.00	37,384.00	7,616.00
Audit Fees	25,000.00	-	25,000.00	23,500.00	1,500.00
Other Purchased Professional Services	10,500.00	3,000.00	13,500.00	13,370.39	129.61
Communications/Telephone	38,000.00	(5,000.00)	33,000.00	29,035.42	3,964.58
Other Purchased Services (400-500 series)	38,475.00	(3,000.00)	35,475.00	21,479.00	13,996.00
General Supplies	9,000.00	-	9,000.00	8,162.58	837.42
Judgments Agt. School Dist.	50,000.00	-	50,000.00	-	50,000.00
Miscellaneous Expenditures	28,475.00	-	28,475.00	25,556.95	2,918.05
Supplies & Materials	-	10,000.00	10,000.00	3,500.00	6,500.00
Total Undistributed Expenditures - Support Services - General Administration	<u>429,177.44</u>	<u>2,200.00</u>	<u>431,377.44</u>	<u>331,601.53</u>	<u>99,775.91</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	335,636.90	(6,013.00)	329,623.90	311,253.23	18,370.67
Salaries of Other Professional Staff	125,737.80	(10,629.06)	115,108.74	115,108.44	0.30
Salaries of Secretarial and Clerical Assistants	120,050.00	(13,650.00)	106,400.00	106,302.42	97.58
Purchased Professional and Technical Services	70,725.00	(3,020.94)	67,704.06	49,795.73	17,908.33
Supplies & Materials	68,360.00	15,563.00	83,923.00	80,519.32	3,403.68
Total Undistributed Expenditures - Support Services - School Administration	<u>720,509.70</u>	<u>(17,750.00)</u>	<u>702,759.70</u>	<u>662,979.14</u>	<u>39,780.56</u>
Undist. Expend.-Central Services					
Salaries	320,412.50	38,300.00	358,712.50	353,099.30	5,613.20
Purchased Technical Services	24,000.00	3,500.00	27,500.00	26,803.00	697.00
Sale/Lease-back Payments	65,800.00	(11,500.00)	54,300.00	53,993.97	306.03
Supplies and Materials	14,300.00	500.00	14,800.00	12,238.26	2,561.74
Miscellaneous Expenditures	3,500.00	-	3,500.00	2,201.88	1,298.12
Total Undist. Expend. Central Services	<u>428,012.50</u>	<u>30,800.00</u>	<u>458,812.50</u>	<u>448,336.41</u>	<u>10,476.09</u>
Undist. Expend.-Admin. Info. Technology					
Salaries	50,503.48	(11,000.00)	39,503.48	21,682.20	17,821.28
Total Undist. Expend. Admin. Info. Technology	<u>50,503.48</u>	<u>(11,000.00)</u>	<u>39,503.48</u>	<u>21,682.20</u>	<u>17,821.28</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	322,908.00	7,000.00	329,908.00	300,620.49	29,287.51
Cleaning, Repair and Maintenance Service	328,911.00	(97,570.00)	231,341.00	189,053.68	42,287.32
General Supplies	80,006.00	(19,250.00)	60,756.00	51,080.52	9,675.48
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>731,825.00</u>	<u>(109,820.00)</u>	<u>622,005.00</u>	<u>540,754.69</u>	<u>81,250.31</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 623,674.87	\$ (30,800.00)	\$ 592,874.87	\$ 586,246.12	\$ 6,628.75
Salaries of Secretarial and Clerical Assistants	15,000.00	-	15,000.00	12,205.88	2,794.12
Cleaning, Repair and Maintenance Service	15,000.00	-	15,000.00	13,699.73	1,300.27
Other Purchased Property Services	74,500.00	(3,400.00)	71,100.00	63,945.84	7,154.16
Insurance	90,125.00	9,400.00	99,525.00	91,699.00	7,826.00
General Supplies	65,000.00	38,000.00	103,000.00	102,032.18	967.82
Energy(Energy and Electricity)	545,850.00	39,000.00	584,850.00	547,160.09	37,689.91
Other Objects	5,500.00	-	5,500.00	2,395.24	3,104.76
Total Undistributed Expenditures - Custodial Services	<u>1,434,649.87</u>	<u>52,200.00</u>	<u>1,486,849.87</u>	<u>1,419,384.08</u>	<u>67,465.79</u>
Undis. Expend.- Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	75,411.11	6,500.00	81,911.11	75,472.26	6,438.85
General Supplies	26,700.00	-	26,700.00	20,439.46	6,260.54
Total Care and Upkeep of Grounds	<u>102,111.11</u>	<u>6,500.00</u>	<u>108,611.11</u>	<u>95,911.72</u>	<u>12,699.39</u>
Undist. Expend. - Security					
Salaries	41,865.00	1,080.00	42,945.00	42,681.59	263.41
General Supplies	15,400.00	(280.00)	15,120.00	13,140.44	1,979.56
Total Security	<u>57,265.00</u>	<u>800.00</u>	<u>58,065.00</u>	<u>55,822.03</u>	<u>2,242.97</u>
Total Undistributed Expenditures					
Operations and Maintenance of Plant	<u>2,325,850.98</u>	<u>(50,320.00)</u>	<u>2,275,530.98</u>	<u>2,111,872.52</u>	<u>163,658.46</u>
Undist. Expend. - Student Transportation Serv.					
Sal. for Pupil Trans(Bet. Home & School)-Reg.	229,601.95	(13,325.00)	216,276.95	208,722.82	7,554.13
Sal. for Pup. Trans. (Bet. Home & School) - Spc.	34,000.00	12,600.00	46,600.00	46,584.09	15.91
Sal. for Pupil Trans(Other than Bet. Home & Sch)	25,000.00	60,000.00	85,000.00	48,819.84	36,180.16
Cleaning, Repair and Maint. Services		2,000.00	2,000.00	1,528.76	471.24
Rental Payments - School Buses	103,200.00	(1,125.00)	102,075.00	102,074.50	0.50
Contracted Services - (Other than Home & Sch)-Vend	50,482.00	10,000.00	60,482.00	58,649.68	1,832.32
Contr. Serv. - (Bet. Home & School) Joint Agrm.		10,184.00	10,184.00	5,160.00	5,024.00
Contr. Serv. - (Spc Ed. Students) -Vendors	325,000.00	(15,250.00)	309,750.00	300,190.34	9,559.66
Contr. Serv. - Aid in Lieu Payments - NonPublic Sch	15,000.00	(2,884.00)	12,116.00	7,469.61	4,646.39
Supplies & Materials	75,000.00	19,900.00	94,900.00	88,737.65	6,162.35
Transportation Supplies	12,000.00	2,200.00	14,200.00	11,511.19	2,688.81
Total Undistributed Expenditures - Student Transportation Services	<u>869,283.95</u>	<u>84,300.00</u>	<u>953,583.95</u>	<u>879,448.48</u>	<u>74,135.47</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	330,000.00	42,000.00	372,000.00	317,142.48	54,857.52
Other Retirement Contributions - PERS	336,000.00	(2,500.00)	333,500.00	303,933.97	29,566.03
Unemployment Compensation	50,000.00	2,500.00	52,500.00	52,430.68	69.32
Workmen's Compensation	206,000.00	(5,000.00)	201,000.00	200,481.50	518.50
Health Benefits	2,803,700.00	(95,480.67)	2,708,219.33	2,484,236.06	223,983.27
Tuition Reimbursement	30,000.00	-	30,000.00	15,038.00	14,962.00
Other Employee Benefits	6,000.00	-	6,000.00	2,453.20	3,546.80
Total Unallocated Benefits	<u>3,761,700.00</u>	<u>(58,480.67)</u>	<u>3,703,219.33</u>	<u>3,375,715.89</u>	<u>327,503.44</u>
On-Behalf TPAF Pension (Non-Budgeted)	-	-	-	354,694.00	(354,694.00)
On-behalf TPAF Postretirement Contributions (Non-Budgeted)				713,025.00	(713,025.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	842,134.53	(842,134.53)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,909,853.53</u>	<u>(1,909,853.53)</u>
Total Personal Services - Employee Benefits	<u>3,761,700.00</u>	<u>(58,480.67)</u>	<u>3,703,219.33</u>	<u>5,285,569.42</u>	<u>(1,582,350.09)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>12,756,629.99</u>	<u>(127,264.67)</u>	<u>12,629,365.32</u>	<u>13,421,805.70</u>	<u>(792,440.38)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>24,319,777.73</u>	<u>(32,779.67)</u>	<u>24,286,998.06</u>	<u>24,726,899.47</u>	<u>(439,901.41)</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Programs - Instruction					
Grades 9 - 12	\$ 97,234.16	\$ (6,660.00)	\$ 90,574.16	\$ 88,247.93	\$ 2,326.23
Undistributed-Operation & Maint. Of Plant Services	33,600.00	9,900.00	43,500.00	43,499.00	1.00
Total Equipment	<u>130,834.16</u>	<u>3,240.00</u>	<u>134,074.16</u>	<u>131,746.93</u>	<u>2,327.23</u>
Undistributed:					
Facilities Acquisition and Construction Services					
Other Objects		46,480.67	46,480.67		46,480.67
Total Facilities acquisition and Construction Services	-	<u>46,480.67</u>	<u>46,480.67</u>	-	<u>46,480.67</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>130,834.16</u>	<u>49,720.67</u>	<u>180,554.83</u>	<u>131,746.93</u>	<u>48,807.90</u>
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	19,410.00	(1,941.00)	17,469.00	12,195.00	5,274.00
Total Summer School	<u>19,410.00</u>	<u>(1,941.00)</u>	<u>17,469.00</u>	<u>12,195.00</u>	<u>5,274.00</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>19,410.00</u>	<u>(1,941.00)</u>	<u>17,469.00</u>	<u>12,195.00</u>	<u>5,274.00</u>
Transfer of Funds to Charter Schools	200,000.00	(15,000.00)	185,000.00	155,991.00	29,009.00
<b>TOTAL EXPENDITURES</b>	<u>24,670,021.89</u>	<u>0.00</u>	<u>24,670,021.89</u>	<u>25,026,832.40</u>	<u>(356,810.51)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(902,857.89)</u>	<u>(0.00)</u>	<u>(902,857.89)</u>	<u>1,098,369.30</u>	<u>2,000,516.42</u>
Other Financing Sources (Uses):					
Capital Reserve Transfer to Debt Service Fund				(77,974.00)	(77,974.00)
Total Other Financing Sources:	-	-	-	<u>(77,974.00)</u>	<u>(77,974.00)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(902,857.89)	(0.00)	(902,857.89)	1,020,395.30	1,922,542.42
Fund Balance July 1	3,325,426.35		3,325,426.35	3,325,426.35	-
Fund Balance June 30	<u>\$ 2,422,568.46</u>	<u>\$ (0.00)</u>	<u>\$ 2,422,568.46</u>	<u>\$ 4,345,821.65</u>	<u>\$ 1,922,542.42</u>
<b>Recapitulation of Fund Balance:</b>					
Nonspendable Fund Balance:					
None				\$ -	
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				1,755,852.24	
Excess Surplus - Current Year				1,803,713.84	
Committed Fund Balance:					
None				-	
Assigned Fund Balance:					
Year End Encumbrances				138,180.75	
Designated for Subsequent Year's Expenditures				173,461.76	
Unassigned Fund Balance				<u>474,613.06</u>	
				4,345,821.65	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				615,306.00	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,730,515.65</u>	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Education Jobs Fund Program**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	Total		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction -			
Other Salaries for Instruction	\$ 252,723.00	\$ 252,723.00	\$ -
Total Support Services	<u>252,723.00</u>	<u>252,723.00</u>	<u>-</u>
Total Expenditures	<u>\$ 252,723.00</u>	<u>\$ 252,723.00</u>	<u>\$ -</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
<b>REVENUES:</b>					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	654,459.92	25,825.92	680,285.84	547,297.83	(132,988.01)
<b>Total Revenues</b>	<u>654,459.92</u>	<u>25,825.92</u>	<u>680,285.84</u>	<u>547,297.83</u>	<u>(132,988.01)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Personal Services Salaries	86,000.00		86,000.00	86,000.00	-
Purchased Professional Technical Services	28,950.00		28,950.00	1,267.50	27,682.50
Tuition	390,682.00		390,682.00	351,733.59	38,948.41
General Supplies	61,153.79	825.80	61,979.59	36,880.22	25,099.37
<b>Total Instruction</b>	<u>566,785.79</u>	<u>825.80</u>	<u>567,611.59</u>	<u>475,881.31</u>	<u>91,730.28</u>
Support Services:					
Personal Services - Employee Benefits	20,480.91		20,480.91	13,837.00	6,643.91
Purchased Professional Technical Services	46,598.22		46,598.22	22,039.92	24,558.30
Other Purchased Services (400-500 series)	19,094.00	(825.80)	18,268.20	12,192.22	6,075.98
Supplies & Materials	1,501.00	25,825.92	27,326.92	23,347.38	3,979.54
<b>Total Support Services</b>	<u>87,674.13</u>	<u>25,000.12</u>	<u>112,674.25</u>	<u>71,416.52</u>	<u>41,257.73</u>
<b>Total Outflows</b>	<u>654,459.92</u>	<u>25,825.92</u>	<u>680,285.84</u>	<u>547,297.83</u>	<u>132,988.01</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Year Ended June 30, 2012**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources / inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 26,125,201.70	[C-2] \$ 547,297.83
<b>Difference - budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Encumbrances at June 30, 2012		(30,481.41)
Encumbrances at June 30, 2011		35,273.31
Final State Aid payment was delayed until July 2012 is recorded as budgetary revenue but is not recognized under GAAP.	(615,306.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	559,813.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 26,069,708.70</u>	[B-2] <u>\$ 552,089.73</u>
<b>Uses / outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 25,026,832.40	[C-2] \$ 547,297.83
<b>Difference for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes:</b>		
Encumbrances at 6/30/12		(30,481.41)
Encumbrances at 6/30/11		35,273.31
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 25,026,832.40</u>	[B-2] <u>\$ 552,089.73</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title I Part A Carryover	Title II	Title IIA Carryover	Totals 2012
<b>REVENUES:</b>						
State Sources	\$ -	-	-	-	-	-
Federal Sources	390,043.39	103,551.75	15,849.70	15,813.07	22,039.92	547,297.83
<b>Total Revenues</b>	<u>390,043.39</u>	<u>103,551.75</u>	<u>15,849.70</u>	<u>15,813.07</u>	<u>22,039.92</u>	<u>547,297.83</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries		86,000.00				86,000.00
Purchased Professional and Technical Services		1,267.50				1,267.50
Tuition	351,733.59					351,733.59
General Supplies	14,858.22	2,447.25	15,849.70	3,725.05		36,880.22
<b>Total Instruction</b>	<u>366,591.81</u>	<u>89,714.75</u>	<u>15,849.70</u>	<u>3,725.05</u>	<u>-</u>	<u>475,881.31</u>
Support Services:						
Personal Services - Employee Benefits		13,837.00				13,837.00
Purchased Professional Technical Services					22,039.92	22,039.92
Other Purchased Services (400-500 series)	104.20			12,088.02		12,192.22
Supplies & Materials	23,347.38					23,347.38
<b>Total Support Services</b>	<u>23,451.58</u>	<u>13,837.00</u>	<u>-</u>	<u>12,088.02</u>	<u>22,039.92</u>	<u>71,416.52</u>
<b>Total Outflows</b>	<u>390,043.39</u>	<u>103,551.75</u>	<u>15,849.70</u>	<u>15,813.07</u>	<u>22,039.92</u>	<u>547,297.83</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Carl D. Perkins	Title I Part A ARRA	I.D.E.A B-Basic Reg. Program	I.D.E.A Basic Carryover	Totals Carried Forward
<b>REVENUES:</b>					
State Sources	\$ -	-	-	-	-
Federal Sources	14,962.42	23,347.38	285,659.92	66,073.67	390,043.39
Total Revenues	14,962.42	23,347.38	285,659.92	66,073.67	390,043.39
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Tuition	14,858.22	-	285,659.92	66,073.67	351,733.59
General Supplies	14,858.22	-	285,659.92	66,073.67	14,858.22
Total Instruction	14,858.22	-	285,659.92	66,073.67	366,591.81
Support Services:					
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional Technical Services	104.20	23,347.38	-	-	104.20
Other Purchased Services (400-500 series)	104.20	23,347.38	-	-	23,347.38
Supplies & Materials	104.20	23,347.38	-	-	23,451.58
Total Support Services	104.20	23,347.38	-	-	23,451.58
Total Outflows	14,962.42	23,347.38	285,659.92	66,073.67	390,043.39
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**CAPITAL PROJECTS FUND**  
**DETAIL STATEMENT**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Summary Schedule of Project Expenditures**  
**For the Year Ended June 30, 2012**

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2012
			Prior Years	Current Years	
Issuance of Bonds which were issued to construct additional classrooms and renovations to existing building	2000	\$ 2,130,000.00	\$ 2,117,401.15	\$	12,598.85
Issuance of Bonds which were issued to for improvements and renovations to and furnishings and equipment for the School District including installation of Solar Panels	2009	40,415,000.00	24,116,709.90	11,242,965.20	5,055,324.90
		<u>\$ 42,545,000.00</u>	<u>\$ 26,234,111.05</u>	<u>\$ 11,242,965.20</u>	<u>\$ 5,067,923.75</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Summary Schedule of Project Revenues, Expenditures, and**  
**Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2012**

**Revenues and Other Financing Sources:**

State Sources - SCC Grant	\$	-
Bond Proceeds and Transfers		-
Contribution from Private Sources		-
Transfer from Capital Reserve		-
Transfer from Capital Outlay		-
		<hr/>
Total Revenues		<hr/> <hr/> -

**Expenditures and Other Financing Uses:**

Salaries	4,928.15
Purchased Professional and Technical Services	734,887.30
Construction Services	9,711,961.08
Equipment Purchases	791,188.67
Capitalized Interest	-
	<hr/>
Total Expenditures	<hr/> <hr/> 11,242,965.20
Excess (deficiency) of revenues over (under) expenditures	(11,242,965.20)
Fund balance - beginning	16,310,888.95
	<hr/>
Fund balance - ending	<hr/> <hr/> \$ 5,067,923.75

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Additional Classrooms and Renovations to Existing Building**  
**From Inception and for the Year Ended June 30, 2012**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond Proceeds and Transfers	10,630,000.00		10,630,000.00	10,630,000.00
Contribution from Private Sources			-	
Transfer from Capital Reserve			-	
Transfer from Capital Outlay			-	
<b>Total Revenues</b>	<u>10,630,000.00</u>	<u>-</u>	<u>10,630,000.00</u>	<u>10,630,000.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	1,084,626.16		1,084,626.16	813,137.57
Construction Services	9,193,231.80		9,193,231.80	8,758,573.81
Equipment Purchases	339,543.19		339,543.19	1,058,288.62
<b>Total Expenditures</b>	<u>10,617,401.15</u>	<u>-</u>	<u>10,617,401.15</u>	<u>10,630,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,598.85</u>	<u>\$ -</u>	<u>\$ 12,598.85</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/20/1999
Bonds Authorized	\$ 10,630,000.00
Bonds Issued	10,630,000.00
Original Authorized Cost	10,630,000.00
Additional Authorized Cost	
Revised Authorized Cost	10,630,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	Sept.-02
Revised Target Completion Date	Sept.-02

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Cost of Improvements and renovations to and Furnishings and equipment for**  
**the School District Including Installation of Solar Panels**  
**From Inception and for the Year Ended June 30, 2012**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond Proceeds and Transfers	40,415,000.00		40,415,000.00	40,415,253.00
Contribution from Private Sources			-	
Transfer from Capital Reserve			-	
Transfer from Capital Outlay			-	
<b>Total Revenues</b>	<u>40,415,000.00</u>	<u>-</u>	<u>40,415,000.00</u>	<u>40,415,253.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Salaries	3,958.75	4,928.15	8,886.90	10,000.00
Purchased Professional and Technical Services	2,846,908.18	734,887.30	3,581,795.48	4,288,889.74
Construction Services	19,697,635.03	9,711,961.08	29,409,596.11	33,061,128.97
Equipment Purchases	683,098.55	791,188.67	1,474,287.22	2,595,558.29
Capitalized Interest	885,109.39		885,109.39	-
Contingency				459,676.00
<b>Total Expenditures</b>	<u>24,116,709.90</u>	<u>11,242,965.20</u>	<u>35,359,675.10</u>	<u>40,415,253.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>16,298,290.10</u>	\$ <u>(11,242,965.20)</u>	\$ <u>5,055,324.90</u>	\$ <u>-</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/20/1999
Bonds Authorized	\$ 40,415,253.00
Bonds Issued	40,415,000.00
Original Authorized Cost	40,415,253.00
Additional Authorized Cost	
Revised Authorized Cost	40,415,253.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	95.00%
Original Target Completion Date	Sept.-11
Revised Target Completion Date	Jan. -13

**FIDUCIARY FUNDS**  
**DETAIL STATEMENTS**

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

**Scholarship Fund** – This is a nonexpendable trust fund in which expenses are limited to the amounts earned on the trust principal.

**Unemployment Fund** – This is an expendable trust fund used to pay unemployment compensation insurance claims.

**Memorial Fund** – This is an expendable trust fund used to provide assistance to the families of students who died in an accident.

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

**Student Activity Fund** – This agency fund is used to account for student funds held at the school.

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

**Athletic Fund** – This agency fund is used to account for student funds held at the school.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2012**

	Unemployment Compensation Trust	Private Purpose Trust	Memorial Trust	Agency Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$	\$ 96,684.69	\$ 3,485.55	\$ 303,320.69	\$ 403,490.93
Due from Employees				39.27	39.27
Total Assets	-	96,684.69	3,485.55	303,359.96	403,530.20
<b>LIABILITIES</b>					
Payable to District		4,500.00		24,350.32	28,850.32
Payroll Deductions & Withholdings				79.59	79.59
Payable to Student Groups				278,930.05	278,930.05
Total Liabilities	-	4,500.00	-	303,359.96	307,859.96
<b>NET ASSETS</b>					
Held in Trust for Unemployment Claims and Other Purposes	\$	-			-
Reserve for Scholarships		\$ 92,184.69			92,184.69
Reserve for Memorial Trust			3,485.55		3,485.55
Total Net Assets					95,670.24
Total Liabilities and Net Assets				\$	403,530.20

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	Unemployment Compensation Trust	Private Purpose Trust	Memorial Trust	Totals
<b>ADDITIONS</b>				
Contributions:				
Other	\$	\$ 7,862.94	\$ 57,307.06	\$ 65,170.00
Total Contributions	<u>-</u>	<u>7,862.94</u>	<u>57,307.06</u>	<u>65,170.00</u>
Investments Earnings:				
Interest	0.02	755.48	80.15	835.65
Net Investment Earnings	<u>0.02</u>	<u>755.48</u>	<u>80.15</u>	<u>835.65</u>
Total Additions	<u>0.02</u>	<u>8,618.42</u>	<u>57,387.21</u>	<u>66,005.65</u>
<b>Deductions</b>				
Memorial Trust Disbursements			53,901.66	53,901.66
Scholarships Awarded		19,456.68		19,456.68
Paid to General Fund	129.66			129.66
Total Deductions	<u>129.66</u>	<u>19,456.68</u>	<u>53,901.66</u>	<u>73,488.00</u>
Change in Net Assets	(129.64)	(10,838.26)	3,485.55	(7,482.35)
Net Assets - Beginning of the Year	<u>129.64</u>	\$ <u>103,022.95</u>	<u>-</u>	<u>103,152.59</u>
Net Assets - End of the Year	\$ <u>-</u>	\$ <u>92,184.69</u>	\$ <u>3,485.55</u>	<u>95,670.24</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Mainland Regional High School:				
Student Activity Account	\$ 281,361.51	\$ 306,143.10	\$ 303,580.32	\$ 283,924.29
Athletic Account	6,784.60	73,212.55	84,991.39	(4,994.24)
Payable to District	23,306.28	46.26	1,250.00	22,102.54
Total Assets	\$ <u>311,452.39</u>	\$ <u>379,401.91</u>	\$ <u>389,821.71</u>	\$ <u>301,032.59</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 100,592.76	\$ 16,833,573.09	\$ 16,931,877.75	\$ 2,288.10
Due from Employee		39.27		39.27
<b>Total Assets</b>	<b>\$ 100,592.76</b>	<b>\$ 16,833,612.36</b>	<b>\$ 16,931,877.75</b>	<b>\$ 2,327.37</b>
 <b>LIABILITIES:</b>				
Payroll Deductions & Withholding	\$ 79.59	\$ 6,690,110.29	\$ 6,690,110.29	\$ 79.59
Net Payroll	-	10,141,252.24	10,141,252.24	-
Payable to District	100,513.17	2,249.83	100,515.22	2,247.78
<b>Total Liabilities</b>	<b>\$ 100,592.76</b>	<b>\$ 16,833,612.36</b>	<b>\$ 16,931,877.75</b>	<b>\$ 2,327.37</b>

## **LONG-TERM DEBT SCHEDULES**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of General Serial Bonds**  
**As of June 30, 2012**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2012				Balance June 30, 2011	Increased	Decreased	Balance June 30, 2012
			Date	Amount	Interest Rate	Balance June 30, 2011				
Refunding Bonds - ERIP	4/1/2003 \$	2,585,000.00	4/1/2013	120,000.00	4.800%	\$		\$	1,695,000.00	
			4/1/2014	125,000.00	4.950%					
			4/1/2015	130,000.00	5.050%					
			4/1/2016	135,000.00	5.100%					
			4/1/2017	145,000.00	5.300%					
			4/1/2018	150,000.00	5.600%					
			4/1/2019	160,000.00	5.600%					
			4/1/2020	170,000.00	5.700%					
			4/1/2021	175,000.00	5.700%					
			4/1/2022	185,000.00	5.800%					
		4/1/2023	200,000.00	5.800%						
Refunding Bonds - Series 2005	6/1/2005 \$	8,125,000.00	8/1/2012	685,000.00	3.250%			660,000.00	6,610,000.00	
			8/1/2013	705,000.00	3.500%	7,270,000.00				
			8/1/2014	735,000.00	3.400%					
			8/1/2015	760,000.00	4.250%					
			8/1/2016	765,000.00	3.500%					
			8/1/2017	780,000.00	3.625%					
			8/1/2018	785,000.00	3.750%					
			8/1/2019	785,000.00	4.000%					
			8/1/2020	610,000.00	4.000%					



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of Obligations Under Capital Lease**  
**As of June 30, 2012**

Description	Amount of Original Issue	Balance July 1, 2011	Issued Current Year	Retired Current Year	Balance June 30, 2012
Band Instruments	\$ 74,603.00	\$ 16,964.30	\$	\$ 16,964.30	\$ -
Wireless Access	28,216.08	3,274.64		3,274.64	-
Radio Equipment	29,745.35	3,452.09		3,452.09	-
Security Cameras	76,887.00	8,886.96		8,886.96	-
Track	75,000.00	17,054.54		17,054.54	-
Technology Equipment	101,643.31	53,122.88		21,008.18	32,114.70
Technology Equipment	23,218.00	12,519.12		4,772.85	7,746.27
World Language Lab	158,032.60	79,935.95		32,828.95	47,107.00
		<u>\$ 195,210.48</u>	<u>\$ -</u>	<u>\$ 108,242.51</u>	<u>\$ 86,967.97</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,861,549.00	\$	\$ 1,861,549.00	\$ 1,861,549.00	\$ -
State Sources:					
Debt Service Aid Type II	1,014,157.00		1,014,157.00	1,014,157.00	-
Total - State Sources	1,014,157.00	-	1,014,157.00	1,014,157.00	-
Total Revenues	2,875,706.00	-	2,875,706.00	2,875,706.00	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Early Retirement Bonds	97,785.00		97,785.00	96,745.00	1,040.00
Redemption of Principal -					
Early Retirement Bonds	115,000.00		115,000.00	115,000.00	-
Interest	1,471,560.00		1,471,560.00	1,471,559.68	0.32
Redemption of Principal	1,705,000.00		1,705,000.00	1,705,000.00	-
Total Regular Debt Service	3,389,345.00	-	3,389,345.00	3,388,304.68	1,040.32
Total Expenditures	3,389,345.00	-	3,389,345.00	3,388,304.68	1,040.32
Excess (Deficiency) of Revenues Over (Under) Expenditures	(513,639.00)	-	(513,639.00)	(512,598.68)	1,040.32
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfer from Capital Reserve			-	77,974.00	(77,974.00)
Total Other Financing Sources	-	-	-	77,974.00	(77,974.00)
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(513,639.00)	-	(513,639.00)	(434,624.68)	79,014.32
Fund Balance, July 1	435,665.00	\$ -	\$ 435,665.00	\$ 435,665.00	-
Fund Balance, June 30	\$ (77,974.00)	\$ -	\$ (77,974.00)	\$ 1,040.32	\$ 79,014.32
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	\$ (513,639.00)	\$	\$ (513,639.00)	\$ (434,624.68)	\$ 79,014.32

**STATISTICAL SECTION**

**Mainland Regional High School District  
Net Assets by Component,  
Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-1

	Fiscal Year Ending June 30, 2010									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ (2,105,788.16)	\$ (2,342,358.18)	\$ (2,632,577.07)	\$ (2,552,384.51)	\$ (2,786,843.08)	\$ (2,175,988.11)	\$ (1,451,563.93)	\$ (34,105,036.24)	\$ (17,412,005.21)	\$ (2,918,936.75)
Restricted	446,437.28	538,986.46	915,058.28	1,257,437.79	1,192,305.86	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34
Unrestricted	(1,678,699.69)	(1,874,278.87)	(1,361,861.18)	(1,597,271.40)	(1,617,204.95)	(1,407,423.93)	80,534.27	(2,193,072.55)	(694,666.09)	(3,072,315.22)
<b>Total governmental activities net assets</b>	<b>\$ (3,338,050.57)</b>	<b>\$ (3,677,650.59)</b>	<b>\$ (3,079,379.97)</b>	<b>\$ (2,892,218.12)</b>	<b>\$ (3,211,742.17)</b>	<b>\$ (2,283,241.88)</b>	<b>\$ (1,511,943.15)</b>	<b>\$ (2,446,939.00)</b>	<b>\$ 860,130.26</b>	<b>\$ -2,947,880.37</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,409.74	\$ 52,544.38	\$ 53,577.98	\$ 50,582.18
Restricted	304,208.63	371,985.58	462,885.54	395,116.30	361,289.76	337,270.06	277,391.59	244,389.22	82,334.07	(101,110.95)
Unrestricted	\$ 304,208.63	\$ 371,985.58	\$ 462,885.54	\$ 395,116.30	\$ 361,289.76	\$ 337,270.06	\$ 317,801.33	\$ 296,933.60	\$ 135,912.05	\$ (60,528.77)
<b>Total business-type activities net assets</b>	<b>\$ 304,208.63</b>	<b>\$ 371,985.58</b>	<b>\$ 462,885.54</b>	<b>\$ 395,116.30</b>	<b>\$ 361,289.76</b>	<b>\$ 337,270.06</b>	<b>\$ 317,801.33</b>	<b>\$ 296,933.60</b>	<b>\$ 135,912.05</b>	<b>\$ (60,528.77)</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ (2,105,788.16)	\$ (2,342,358.18)	\$ (2,632,577.07)	\$ (2,552,384.51)	\$ (2,786,843.08)	\$ (2,175,988.11)	(1,411,154.19)	(34,052,493.86)	(17,358,427.23)	(2,868,354.57)
Restricted	446,437.28	538,986.46	915,058.28	1,257,437.79	1,192,305.86	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34
Unrestricted	(1,374,491.06)	(1,502,293.29)	(698,975.64)	(1,202,155.10)	(1,255,915.19)	(1,070,153.87)	357,925.86	(1,948,683.33)	(612,332.02)	(3,173,426.17)
<b>Total district net assets</b>	<b>\$ (3,033,841.94)</b>	<b>\$ (3,305,665.01)</b>	<b>\$ (2,616,494.43)</b>	<b>\$ (2,497,101.82)</b>	<b>\$ (2,850,452.41)</b>	<b>\$ (1,945,971.82)</b>	<b>\$ (1,194,141.82)</b>	<b>\$ (2,150,005.40)</b>	<b>\$ 996,042.31</b>	<b>\$ -2,897,351.60</b>

Source: CAFR Schedule A-1

**Mainland Regional High School District**  
**Changes in Net Assets,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	Fiscal Year Ending June 30, 2010									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular	\$ 8,695,418.74	\$ 9,597,889.98	\$ 9,798,255.20	\$ 10,267,409.99	\$ 11,032,137.81	\$ 10,900,281.86	\$ 11,065,093.09	\$ 11,627,956.95	\$ 11,202,128.29	\$ 11,866,680.24
Special education	1,105,530.33	1,286,198.02	1,519,735.01	1,441,526.78	1,375,135.94	1,899,094.75	2,307,643.15	2,309,311.12	2,456,314.79	2,861,672.50
Other special education	841,563.96	979,777.07	978,529.69	1,009,934.97	1,135,953.95	1,122,333.58	1,148,606.25	1,223,794.71	1,243,807.37	1,317,115.49
Support Services:										
Tuition	373,688.21	375,481.98	373,992.57	763,513.41	732,704.93	945,717.20	1,354,606.71	1,436,041.95	1,297,083.72	1,256,855.02
Student & instruction related services	2,148,566.69	2,495,523.90	2,393,116.82	2,732,715.36	2,834,094.11	3,019,422.90	3,242,791.74	3,361,749.67	3,276,997.52	3,226,566.80
School administrative services	515,213.05	434,593.42	607,915.91	605,941.90	673,811.62	768,328.92	814,543.83	840,067.64	837,680.58	898,389.38
Business administrative services	759,901.31	947,723.36	1,020,870.32	969,451.59	1,063,096.21	1,170,714.44	975,459.80	1,001,857.31	982,383.09	990,316.75
Plant operations and maintenance	1,907,756.33	2,166,340.61	1,692,383.51	2,532,430.53	3,345,460.08	2,538,983.74	2,463,363.92	2,704,665.60	2,363,145.55	2,563,608.57
Pupil transportation	463,541.65	505,932.67	527,069.90	693,156.84	726,430.36	881,283.52	884,576.27	973,531.86	908,215.15	984,864.07
Special schools	55,512.77	81,093.24	81,093.24	53,735.29	98,942.01	51,014.08	76,416.41	29,500.38	17,954.16	16,422.00
Charter Schools	165,000.00	216,100.00	181,456.36	211,063.00	246,617.00	252,375.00	269,518.00	223,201.00	173,375.00	155,991.00
Interest on long-term debt	630,175.42	666,574.01	586,845.84	481,305.16	487,344.30	479,891.96	450,388.82	864,371.19	1,476,419.72	1,561,304.10
Unallocated depreciation	700,718.47	608,982.23	395,762.08	298,675.21	440,509.11	217,564.80	227,789.39	241,083.43	243,574.58	209,958.40
Total governmental activities expenses	\$ 18,362,486.95	\$ 20,351,865.77	\$ 20,157,017.45	\$ 22,060,860.03	\$ 24,493,237.03	\$ 24,247,106.75	\$ 25,300,796.38	\$ 26,836,532.81	\$ 26,481,079.52	\$ 27,409,754.32
Business-type activities:										
Food service	1,282,849.75	\$ 1,382,804.59	\$ 1,397,177.98	\$ 1,498,190.74	\$ 1,287,744.24	\$ 1,253,760.28	\$ 1,352,514.43	\$ 1,303,792.74	\$ 1,265,160.17	\$ 1,272,653.63
Aquatic Center	43,121.18	42,125.86	46,751.88	75,240.20	62,601.55	58,318.76	75,595.63	79,711.43	73,409.97	53,151.79
Total business-type activities expenses	\$ 1,325,970.93	\$ 1,424,930.45	\$ 1,443,929.86	\$ 1,574,430.94	\$ 1,350,345.79	\$ 1,312,079.04	\$ 1,428,110.06	\$ 1,383,504.17	\$ 1,338,570.14	\$ 1,325,805.42
Total district expenses	\$ 19,688,467.88	\$ 21,776,796.22	\$ 21,600,947.31	\$ 23,635,290.97	\$ 25,843,582.82	\$ 25,559,185.79	\$ 26,728,906.44	\$ 28,220,036.98	\$ 27,819,643.66	\$ 28,735,659.74
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ 104,578.43	\$ 108,988.44	\$ 134,725.00	\$ 117,055.00	\$ 68,000.00	\$ 72,929.37	\$ 98,090.15
Pupil transportation	46,532.55	45,929.71	58,889.52	36,496.08	52,579.64	39,798.13	103,189.38	30,771.20	850.00	22,450.00
Business and other support services	2,318,946.46	2,963,264.37	2,664,894.49	3,029,471.31	3,698,411.93	3,754,303.79	3,644,345.30	3,526,084.32	3,661,072.15	3,789,683.93
Plant Operation and Maintenance	33,595.40	4,585.60	-	-	-	-	-	-	-	-
Operating grants and contributions	2,399,074.41	3,013,779.68	2,723,584.01	3,170,545.82	3,860,980.01	3,928,826.92	3,864,589.68	3,624,855.52	3,734,851.52	3,910,224.08
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 2,399,074.41	\$ 3,013,779.68	\$ 2,723,584.01	\$ 3,170,545.82	\$ 3,860,980.01	\$ 3,928,826.92	\$ 3,864,589.68	\$ 3,624,855.52	\$ 3,734,851.52	\$ 3,910,224.08
Business-type activities:										
Charges for services:										
Food service	1,004,907.03	1,046,208.21	1,037,510.92	1,011,358.65	850,704.64	812,030.67	823,382.89	705,286.04	588,542.26	467,155.80
Aquatic Center	65,735.50	57,810.45	67,565.00	54,907.90	59,720.25	60,193.98	64,149.50	61,629.17	47,163.00	38,008.00
Operating grants and contributions	383,703.45	383,652.82	402,804.60	424,337.14	380,738.70	404,062.66	517,194.99	593,576.04	542,402.38	633,154.51
Capital grants and contributions	1,454,345.98	1,487,671.48	1,507,880.52	1,490,603.69	1,291,163.59	1,276,287.31	1,404,721.38	1,360,491.25	1,178,107.64	1,138,318.31
Total business-type activities program revenue	\$ 3,853,420.39	\$ 4,501,451.16	\$ 4,231,464.53	\$ 4,661,149.51	\$ 5,152,143.60	\$ 5,205,114.23	\$ 5,269,317.06	\$ 4,965,246.77	\$ 4,912,959.16	\$ 5,048,542.39

**Mainland Regional High School District  
Changes in Net Assets,  
Last Ten Fiscal Years**  
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30, 2010									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>										
Governmental activities	(18,328,901.55)	\$ (17,338,086.09)	\$ (17,433,433.44)	\$ (18,890,314.21)	\$ (20,632,257.02)	\$ (20,318,279.83)	\$ (21,436,206.70)	\$ (23,211,877.29)	\$ (22,746,228.00)	\$ (23,499,530.24)
Business-type activities	128,375.05	82,741.03	63,950.66	(83,827.25)	(69,182.20)	(35,791.73)	(23,982.68)	(23,012.82)	(160,462.50)	(187,487.11)
Total district-wide net expense	<u>(18,200,526.50)</u>	<u>\$ (17,255,345.06)</u>	<u>\$ (17,369,482.78)</u>	<u>\$ (18,974,141.46)</u>	<u>\$ (20,691,439.22)</u>	<u>\$ (20,354,071.56)</u>	<u>\$ (21,459,589.38)</u>	<u>\$ (23,234,890.11)</u>	<u>\$ (22,906,690.50)</u>	<u>\$ (23,687,017.35)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,975,484.00	\$ 11,585,538.99	\$ 12,770,858.58	\$ 12,977,510.00	\$ 13,955,238.00	\$ 14,576,039.00	\$ 14,898,251.00	\$ 15,394,180.98	\$ 16,440,773.00	\$ 16,066,746.00
Taxes levied for debt service	-	-	-	504,318.00	785,123.00	688,192.00	750,428.00	752,149.01	2,618,852.00	1,861,549.00
Unrestricted grants and contributions	5,156,889.52	5,268,647.57	5,101,718.08	5,330,892.12	5,274,325.03	5,521,125.95	6,448,492.92	5,808,529.68	6,488,913.81	6,896,123.03
Payments in lieu of taxes	-	-	-	(7,481.62)	(2,084.37)	232,762.43	(1,153.83)	(1,153.83)	(25.86)	64,986.86
Gain (Loss) on Disposal of Capital Assets	50,086.24	58,295.59	73,516.49	129,489.63	146,212.22	139,891.67	52,468.70	224,178.42	172,450.26	697,875.46
Investment earnings	116,955.45	86,003.92	85,610.91	142,747.93	155,919.09	88,769.07	57,864.81	98,797.18	328,852.05	697,875.46
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>16,299,425.21</u>	<u>16,998,486.07</u>	<u>18,031,704.06</u>	<u>19,077,476.06</u>	<u>20,312,732.97</u>	<u>21,246,760.12</u>	<u>22,207,505.43</u>	<u>22,276,681.44</u>	<u>26,049,815.26</u>	<u>25,697,280.35</u>
Business-type activities:										
Investment earnings	4,765.56	5,035.92	7,979.02	16,058.01	25,355.66	11,772.03	3,913.95	2,145.19	1,164.61	1,046.29
Gain on Disposal of Capital Assets	-	-	18,970.28	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>4,765.56</u>	<u>5,035.92</u>	<u>26,949.30</u>	<u>16,058.01</u>	<u>25,355.66</u>	<u>11,772.03</u>	<u>3,913.95</u>	<u>2,145.19</u>	<u>1,164.61</u>	<u>1,046.29</u>
Total district-wide	<u>16,304,190.77</u>	<u>\$ 17,003,521.99</u>	<u>\$ 18,058,653.36</u>	<u>\$ 19,093,534.07</u>	<u>\$ 20,338,088.63</u>	<u>\$ 21,258,552.15</u>	<u>\$ 22,211,419.38</u>	<u>\$ 22,278,826.63</u>	<u>\$ 26,050,979.87</u>	<u>\$ 25,588,326.64</u>
Changes in Net Assets	(2,028,476.34)	\$ (339,600.02)	\$ 598,270.62	\$ 187,161.85	\$ (319,524.05)	\$ 928,500.29	\$ 771,298.73	\$ (934,895.85)	\$ 3,303,587.26	\$ 2,087,750.11
Governmental activities	133,140.61	87,776.95	90,899.96	167,769.24	(33,826.54)	(24,019.70)	(19,468.73)	(20,857.73)	(159,297.89)	(186,440.82)
Business-type activities	<u>(1,896,357.79)</u>	<u>(271,623.07)</u>	<u>689,170.58</u>	<u>119,392.61</u>	<u>(353,350.59)</u>	<u>904,480.59</u>	<u>751,630.00</u>	<u>(955,953.58)</u>	<u>3,144,229.37</u>	<u>1,901,309.29</u>

Source: CAFR Schedule A-2

**Mainland Regional High School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-3**

	Fiscal Year Ending June 30, 2010									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,076,687.10	\$ 3,559,566.08
Restricted									586,523.02	311,642.51
Committed									102,403.23	(140,692.94)
Assigned									-	-
Unassigned	591,748.32	680,310.15	991,329.82	1,430,834.41	1,345,674.14	1,450,040.44	1,654,662.20	1,550,328.39	-	-
Reserved	1,335,209.71	1,132,597.16	819,088.83	583,252.56	511,396.83	568,796.07	404,537.47	(204,434.64)	-	-
Unreserved	\$ 1,926,958.03	\$ 1,812,907.31	\$ 1,810,418.65	\$ 2,014,086.97	\$ 1,857,070.97	\$ 2,018,836.51	\$ 2,059,199.67	\$ 1,345,893.75	\$ 2,765,613.35	\$ 3,730,515.65
Total general fund										
All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,022,180.93	\$ 3,841,967.98
Restricted									724,373.02	1,226,996.09
Committed									-	-
Assigned									-	-
Unassigned									-	-
Reserved									-	-
Unreserved, reported in:									-	-
Special revenue fund	(5,224.40)	(1,872.75)	(1,872.85)	(1,872.85)	(1,872.85)	(1,872.85)	-	-	-	-
Capital projects fund	10,719.85	10,719.85	10,719.85	12,598.85	12,598.85	12,598.85	12,598.85	32,902,219.67	-	-
Debt service fund	74,316.34	67,980.36	69,263.97	28,098.91	30,378.19	6,429.84	3,824.34	1,997.10	-	-
Permanent fund									-	-
Total all other governmental funds	\$ 79,811.79	\$ 76,827.46	\$ 78,110.97	\$ 38,824.91	\$ 41,104.19	\$ 17,155.84	\$ 16,423.19	\$ 32,904,216.77	\$ 16,746,553.95	\$ 5,068,964.07

Source: CAFR Schedule B-1

Mainland Regional High School  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax Levy	\$ 10,975,484	\$ 11,585,539	\$ 12,419,215	\$ 13,481,828	\$ 14,739,361	\$ 15,264,231	\$ 15,648,679	\$ 16,146,330	\$ 19,059,625	\$ 17,929,295
Transportation Fees from Other LEA's	-	-	-	104,578	109,988	134,725	117,055	68,000	72,930	98,090
Miscellaneous	213,584	190,229	218,017	308,734	354,711	268,459	213,523	353,747	785,312	785,312
State sources	7,228,886	7,920,399	7,767,881	7,997,236	8,616,938	8,911,622	9,600,867	7,429,965	9,583,745	9,846,760
Federal sources	282,132	316,089	350,175	363,127	355,799	363,808	491,971	1,904,649	586,241	839,047
Total revenue	18,700,086	20,012,266	20,755,288	22,255,504	24,175,797	24,942,845	26,072,095	25,902,691	29,784,693	29,497,504
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular instruction	7,043,699	7,443,306	7,827,764	7,982,303	8,317,437	8,226,303	8,473,146	8,990,415	8,541,159	8,980,479
Special education instruction	881,501	986,140	1,189,879	1,105,830	1,174,394	1,407,316	1,737,973	1,747,012	1,845,926	1,765,221
Other instruction	705,391	787,194	800,908	810,770	892,932	882,316	912,341	976,033	982,780	1,034,913
<b>Support Services:</b>										
Tuition	372,355	375,482	373,993	763,513	732,705	945,717	1,354,607	1,436,042	1,297,084	1,256,855
Student & instruction related services	1,757,172	1,962,675	1,910,953	2,141,399	2,229,828	2,298,039	2,520,448	2,630,038	2,580,351	2,500,032
School administrative services	373,698	385,978	489,842	479,382	499,358	594,396	635,759	656,868	647,208	662,979
Business administrative services	802,843	752,804	875,045	806,366	920,242	955,249	901,086	824,534	801,591	801,620
Plant operations and maintenance	1,500,531	1,685,849	1,797,522	1,963,648	1,993,085	2,271,938	2,152,642	2,107,016	1,963,637	2,111,873
Pupil transportation	457,445	496,670	494,246	637,216	644,912	791,954	803,822	881,369	803,836	879,448
Unallocated employee benefits	2,757,264	3,602,251	3,508,234	3,932,964	4,865,598	4,966,780	4,799,414	4,830,008	4,793,238	5,285,569
Special schools	44,098	46,038	63,185	41,083	74,066	51,014	57,297	22,241	13,433	12,195
Charter Schools	165,000	216,100	181,456	211,063	246,617	252,375	269,518	223,201	173,375	155,991
Capital outlay	324,694	325,041	104,384	280,020	998,374	157,826	271,604	7,961,126	16,688,797	11,374,712
Debt service:										
Principal	1,260,000	490,000	495,000	515,000	560,000	605,000	700,000	735,000	1,775,000	1,820,000
Interest and other charges	580,308	666,163	644,083	420,586	501,998	473,804	442,808	408,676	1,615,221	1,568,305
Total Expenditures	19,025,999	20,221,690	20,756,493	22,091,121	24,651,546	24,880,027	26,032,465	34,429,579	44,522,636	40,210,192
Excess (Deficiency) of revenues over (under) expenditures	(325,913)	(209,424)	(1,205)	164,382	(475,749)	62,818	39,630	(8,526,888)	(14,737,943)	(10,712,688)
<b>Other Financing Sources (Uses)</b>										
Capital Leases (non budgeted)	55,385	92,389			321,012	75,000		282,894		
Other Financing Sources - Bond Principal	2,585,000							40,415,000		
Other Financing Uses- Retirement or ERIP	(2,476,590)									
Total other financing sources (uses)	163,795	92,389	-	-	321,012	75,000	-	40,697,894	-	-
Net change in fund balances	\$ (162,118)	\$ (117,035)	\$ (1,205)	\$ 164,382	\$ (154,737)	\$ 137,818	\$ 39,630	\$ 32,171,006	\$ (14,737,943)	\$ (10,712,688)
Debt service as a percentage of noncapital expenditures	9.84%	5.81%	5.52%	4.29%	4.49%	4.36%	4.44%	4.32%	12.18%	11.75%

Sources: CAFR Schedule B-2

Exhibit J-5

Mainland Regional High School  
 General Fund Other Local Revenue by Source,  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Clean Energy Credits	Rentals	Transportation	Miscellaneous	Totals
2003	\$ 46,686.30	-	\$ 46,532.55	\$ -	\$ 116,955.45	\$ 210,174.30
2004	57,702.06	-	45,929.71	-	86,003.92	189,635.69
2005	72,233.38	-	58,889.52	-	85,610.91	216,733.81
2006	126,806.87	-	36,496.08	104,578.43	142,747.93	410,629.31
2007	142,649.43	-	52,579.64	-	155,919.09	351,148.16
2008	139,891.67	-	39,798.13	-	88,769.07	268,458.87
2009	52,468.70	-	103,189.38	-	57,864.81	213,522.89
2010	224,178.42	-	30,771.20	-	102,279.18	357,228.80
2011	172,450.26	-	850.00	-	328,852.05	502,152.31
2012	64,986.86	519,560.00	22,450.00	-	178,315.14	785,312.00

Source: Prior Year CAFRA Reports

Mainland Regional High School  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
<b>Linwood</b>													
2003	14,112,300	636,787,500	978,800	38,100	92,482,900	-	-	744,399,600	-	1,100,617	745,500,217	0.526	113%
2004	13,670,100	641,868,500	978,800	38,100	90,914,600	-	-	747,470,100	-	1,040,222	748,510,322	0.572	98%
2005	15,595,700	645,585,600	749,400	34,600	88,700,700	-	-	750,646,000	-	899,247	751,545,247	0.595	87%
2006	14,466,400	655,207,300	749,400	34,600	87,872,600	-	-	758,330,300	-	705,535	759,035,835	0.607	75%
2007	14,714,500	666,666,400	749,400	34,600	90,209,200	-	-	772,374,100	-	649,680	773,023,780	0.610	66%
2008	14,566,200	674,167,700	749,400	34,600	88,426,600	-	-	777,944,500	-	640,011	778,584,511	0.620	62%
2009	14,640,900	676,693,900	749,400	34,600	87,663,100	-	-	779,781,900	-	664,394	780,446,294	0.647	62%
2010	14,155,200	683,099,000	749,400	34,600	86,453,100	-	-	784,491,300	-	653,040	785,144,340	0.733	62%
2011	14,266,300	679,556,600	749,400	34,600	97,700,800	-	-	792,307,700	-	653,040	792,960,740	0.776	65%
2012	14,045,800	677,447,400	749,400	34,600	96,181,000	-	-	788,458,200	-	584,044	789,042,244	0.784	70%
<b>Northfield</b>													
2003	18,310,100	377,867,400	352,700	3,600	116,491,700	-	542,900	513,568,400	-	1,824,912	515,393,312	0.585	87%
2004	17,286,400	390,434,000	352,700	3,600	117,907,800	-	542,900	526,527,400	-	1,551,532	528,078,932	0.612	75%
2005	17,428,100	394,253,600	352,700	3,600	117,850,600	-	542,900	530,431,500	-	1,316,665	531,748,165	0.685	67%
2006	16,575,700	407,437,600	352,700	3,600	118,797,300	-	542,900	543,709,800	-	1,014,725	544,724,525	0.741	55%
2007	15,768,600	414,370,800	352,700	3,600	118,874,000	-	542,900	549,910,600	-	894,826	550,805,426	0.803	47%
2008	15,284,000	416,990,500	352,700	3,600	119,606,500	-	542,900	552,780,200	-	908,717	553,688,917	0.832	45%
2009	13,200,000	417,113,000	352,700	3,600	119,013,600	-	542,900	550,225,800	-	936,223	551,162,023	0.849	44%
2010	21,365,600	756,993,900	595,200	3,600	213,519,700	-	987,100	993,465,100	-	2,073,817	995,538,917	0.503	91%
2011	19,249,500	755,519,900	595,200	3,600	208,739,300	-	987,100	985,094,600	-	-	985,094,600	0.514	95%
2012	18,334,400	753,809,400	595,200	3,600	204,787,300	-	987,100	978,517,000	-	1,580,553	980,097,553	0.521	99%
<b>Somers Point</b>													
2003	15,593,900	438,852,200	-	-	147,993,400	-	41,237,000	643,676,500	-	3,391,942	647,068,442	0.671	84%
2004	26,813,400	440,225,000	-	-	165,254,900	-	41,166,600	673,459,900	-	3,126,422	676,586,322	0.664	80%
2005	16,389,900	456,075,200	-	-	157,464,200	-	40,991,600	670,920,900	-	2,746,021	673,666,921	0.718	68%
2006	12,369,400	459,859,300	-	-	165,545,900	-	40,821,500	678,596,100	-	2,043,101	680,639,201	0.803	53%
2007	11,367,900	465,068,900	-	-	168,398,000	-	41,028,800	685,863,600	-	1,857,315	687,720,915	0.852	46%
2008	12,735,000	469,806,200	-	-	172,679,800	-	41,205,100	696,426,100	-	1,813,810	698,239,910	0.862	44%
2009	11,560,500	473,254,900	-	-	172,297,300	-	41,205,100	698,327,800	-	1,685,627	700,013,427	0.881	44%
2010	9,673,000	475,701,700	-	-	164,782,600	-	41,205,100	691,362,400	-	1,786,733	693,149,133	0.986	47%
2011	9,424,200	473,997,500	-	-	163,589,400	-	40,397,100	687,408,200	-	1,786,733	689,194,933	1.053	49%
2012	9,416,400	473,012,000	-	-	162,959,800	-	40,397,100	685,785,300	-	1,918,493	687,703,793	1.027	53%

Source: County Abstract of Rates & Municipal Tax Assessor

Exhibit J-7

**Mainland Regional High School  
Direct and Overlapping Property Tax Rates,  
Last Eleven Fiscal Years**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Mainland Regional High School					Overlapping Rates					Total Direct and Overlapping Tax Rate	
	General					County General	County Open Space	County Local Health	County Library	County Local School		Municipal Local Purpose
	Basic Rate	Debt Service	Obligation	Total Direct								
<b>Linwood</b>												
2003	0.482	0.044	0.044	0.526	0.361	0.018	0.023	-	-	1.149	0.691	2.768
2004	0.535	0.037	0.037	0.572	0.386	0.020	0.022	-	-	1.252	0.709	2.961
2005	0.565	0.030	0.030	0.595	0.385	0.023	0.021	-	-	1.273	0.733	3.030
2006	0.578	0.029	0.029	0.607	0.394	0.027	0.021	-	-	1.346	0.792	3.187
2007	0.580	0.030	0.030	0.610	0.370	0.030	0.019	-	-	1.217	0.823	3.069
2008	0.589	0.031	0.031	0.620	0.363	0.032	0.019	-	-	1.273	0.892	3.199
2009	0.615	0.032	0.032	0.647	0.400	0.008	0.028	-	-	1.291	0.922	3.296
2010	0.696	0.037	0.037	0.733	0.437	0.008	0.028	-	-	1.340	0.954	3.500
2011	0.739	0.037	0.037	0.776	0.468	0.008	0.029	-	-	1.380	0.926	3.587
2012	0.747	0.037	0.037	0.784	0.454	0.008	0.029	-	-	1.381	0.944	3.600
<b>Northfield</b>												
2003	0.536	0.049	0.049	0.585	0.470	0.024	0.029	-	-	1.343	0.868	3.319
2004	0.572	0.040	0.040	0.612	0.506	0.027	0.028	-	-	1.387	0.955	3.515
2005	0.644	0.041	0.041	0.685	0.504	0.030	0.027	-	-	1.386	1.012	3.644
2006	0.705	0.036	0.036	0.741	0.537	0.037	0.029	-	-	1.461	1.080	3.885
2007	0.764	0.039	0.039	0.803	0.521	0.044	0.026	-	-	1.516	1.178	4.088
2008	0.803	0.029	0.029	0.832	0.570	0.044	0.026	-	-	1.569	1.268	4.309
2009	0.820	0.029	0.029	0.849	0.559	0.039	0.011	-	-	1.643	1.327	4.428
2010	0.485	0.018	0.018	0.503	0.294	0.006	0.019	-	-	0.949	0.799	2.570
2011	0.496	0.018	0.018	0.514	0.326	0.006	0.020	-	-	0.965	0.792	2.623
2012	0.503	0.018	0.018	0.521	0.322	0.006	0.021	-	-	0.980	0.792	2.642
<b>Somers Point</b>												
2003	0.615	0.056	0.056	0.671	0.486	0.024	0.030	0.050	0.050	1.074	0.804	3.139
2004	0.621	0.043	0.043	0.664	0.477	0.025	0.027	0.051	0.051	1.102	0.801	3.147
2005	0.675	0.043	0.043	0.718	0.495	0.029	0.027	0.055	0.055	1.173	0.861	3.358
2006	0.764	0.039	0.039	0.803	0.560	0.038	0.030	0.064	0.064	1.233	0.958	3.686
2007	0.810	0.042	0.042	0.852	0.516	0.043	0.027	0.065	0.065	1.254	1.084	3.841
2008	0.472	0.390	0.390	0.862	0.649	0.046	0.027	0.066	0.066	1.226	1.169	4.045
2009	0.485	0.396	0.396	0.881	0.563	0.011	0.039	0.064	0.064	1.226	1.226	4.010
2010	0.542	0.444	0.444	0.986	0.560	0.011	0.037	0.062	0.062	1.248	1.251	4.155
2011	0.609	0.444	0.444	1.053	0.628	0.011	0.039	0.063	0.063	1.247	1.274	4.315
2012	0.583	0.444	0.444	1.027	0.599	0.010	0.038	0.061	0.061	1.264	1.294	4.293

Source: Atlantic County Abstract of Ratables  
A4F Forms

**Mainland Regional High School  
Principal Property Tax Payers,  
Current Year and Ten Years Ago**

**Exhibit J-8**

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CCC Atlantic LLC	\$ 19,000,000	1	2.42%	\$ -		0.00%
Central Square	7,107,100	2	0.91%	5,900,000	2	1.15%
Brandell Estates LLC	7,065,500	3	0.90%	5,130,000	4	1.00%
Central Park East	5,388,200	4	0.69%	4,175,000	6	0.81%
CPL	5,236,000	5	0.67%			0.00%
Linwood Golf & Country Club	3,490,000	6	0.44%	5,161,400	3	1.00%
Linwood Professional Plaza	2,436,600	7	0.31%	1,800,000	7	0.35%
Alexon Enterprises	2,024,000	8	0.26%	1,560,000	8	0.30%
Residence A	1,497,200	9	0.19%			0.00%
Atlantic Broadcasting of Linwood	1,449,100	10	0.18%			0.00%
Linwood Nursing Home			0.00%	6,300,000	1	1.22%
JMD- VJ- Linwood LLC			0.00%	4,800,000	5	0.93%
Terra Group			0.00%	1,056,600	9	0.21%
South Jersey Radio				1,050,000	10	0.20%
<b>Totals</b>	<b>\$ 54,693,700</b>		<b>6.97%</b>	<b>\$ 36,933,000</b>		<b>7.17%</b>

District Assessed Value      \$ 785,144,340  
 District Assessed Value      \$ 515,097,402

Source: District CAFR & Municipal Tax Assessor

**Exhibit J-8**

**Mainland Regional High School  
Principal Property Tax Payers,  
Current Year and Eleven Years Ago**

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Atlantic City Country Club	\$ 5,900,000	1	0.59%	\$ 8,174,000	1	1.74%
Max Gurwicz	5,683,200	2	0.57%	5,500,000	4	1.17%
Kensington Square, LLC	4,200,000	3	0.42%			0.00%
Atlantic City Country Club	4,000,000	4	0.40%			0.00%
Atlantic City Country Club (Rear)	2,600,000	5	0.26%	6,268,000	2	1.33%
Jack Trocki Dev Corp	3,138,400	6	0.32%			0.00%
Jack Trocki Dev Corp	6,000,000	7	0.60%			0.00%
301 Tilton Road Associates	2,036,700	8	0.20%			0.00%
Network 1001 LLC	1,898,200	9	0.19%			0.00%
SJS-450 Tilton Road LP	1,700,000	10	0.17%			0.00%
Stan-Bud Realty Corp				2,188,500	7	0.47%
Antebi Properties LLC				5,650,000	3	1.20%
Tilton Building Company				1,956,700	9	0.42%
Midland Loan Services				3,000,000	6	0.64%
House & Garden				4,000,000	5	0.85%
Tifton Road Ptr. c/o R. Hogg				2,000,000	8	0.43%
Bellevue Property Group				1,890,800	10	0.40%
	<u>\$ 37,156,500</u>		<u>3.73%</u>	<u>\$ 40,628,000</u>		<u>8.65%</u>
	District Assessed Value		\$ 995,538,917			\$ 469,958,952

Source: District CAFR & Municipal Tax Assessor

**Mainland Regional High School  
Principal Property Tax Payers,  
Current Year and Eleven Years Ago**

**Exhibit J-8**

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Brahin/Somers Point Builders	\$ 24,407,600	1	3.52%	\$ 13,773,300	1	2.31%
Village Plaza LLC	11,900,000	2	1.72%			0.00%
Scarborough/Harbor Cove	10,783,200	3	1.56%			0.00%
Sea Aire Apartments LLC	9,005,000	4	1.30%			0.00%
West America LTD	5,792,500	5	0.84%			0.00%
WWW Associates	5,667,300	6	0.82%			0.00%
Related Somers Point LLC	5,500,000	7	0.79%	5,250,000	9	0.88%
Acme Markets	5,194,800	8	0.75%	5,491,000	8	0.92%
Ocean Heights Manor (Estate)	4,567,400	9	0.66%	6,100,000	7	1.02%
EQI Financial Partners LP	4,439,000	10	0.64%			
Charan Industries				9,005,000	2	1.51%
Equity Inns				7,098,000	4	1.19%
Harbor Cove Marina				6,860,600	6	1.15%
Morris Properties				4,813,300	10	0.81%
Somers Point Village				7,128,000	3	1.20%
Greate Bay LLC				6,970,000	5	1.17%
	<u>\$ 87,256,800</u>		<u>12.59%</u>	<u>\$ 72,489,200</u>		<u>12.17%</u>
	District Assessed Value		\$ 693,149,133			\$ 595,779,865

Source: District CAFR & Municipal Tax Assessor

**Mainland Regional High School  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	10,975,484.00	10,975,484.00	100%	-
2004	11,585,539.00	11,585,539.00	100%	-
2005	12,419,215.00	12,419,215.00	100%	-
2006	13,481,828.00	13,481,828.00	100%	-
2007	14,738,361.00	14,738,361.00	100%	-
2008	15,264,231.00	15,264,231.00	100%	-
2009	15,648,679.00	15,648,679.00	100%	-
2010	16,146,330.00	16,146,330.00	100%	-
2011	16,440,773.00	16,440,773.00	100%	-
2012	16,066,746.00	16,066,746.00	100%	-

Source: Certificate and Report of School Taxes (A4F form)  
CAFRA Reports

Mainland Regional High School  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2003	\$ 13,215,000	\$ -	\$ 185,525	\$ -	\$ -	\$ 13,400,525	0.25%	33,427	
2004	12,725,000	-	171,746	-	-	12,896,746	0.27%	34,442	
2005	12,950,000	-	98,232	-	-	13,048,232	0.27%	35,552	
2006	12,435,000	-	76,160	-	-	12,511,160	0.29%	36,874	
2007	11,875,000	-	386,558	-	-	12,261,558	0.31%	38,351	
2008	11,270,000	-	306,407	-	-	11,576,407	0.34%	39,370	
2009	10,570,000	-	214,161	-	-	10,784,161	0.35%	38,175	
2010	50,250,000	-	327,449	-	-	50,577,449	0.08%	39,746	
2011	48,475,000	-	195,210	-	-	48,670,210		Not Available	
2012	46,655,000	-	86,968	-	-	46,741,968		Not Available	

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

**Exhibit J-11**

**Mainland Regional High School  
Ratios of Net General Bonded Debt Outstanding,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	13,215,000	-	13,215,000	0.69%	33,427
2004	12,725,000	-	12,725,000	0.65%	34,442
2005	12,950,000	-	12,950,000	0.66%	35,552
2006	12,435,000	500,000	11,935,000	0.60%	36,874
2007	11,875,000	-	11,875,000	0.59%	38,351
2008	11,270,000	-	11,270,000	0.56%	39,370
2009	10,570,000	-	10,570,000	0.52%	38,175
2010	50,250,000	-	50,250,000	2.03%	39,746
2011	48,475,000	-	48,475,000		Not Available
2012	46,655,000	-	46,655,000		Not Available

**Mainland Regional High School District  
Direct and Overlapping Governmental Activities Debt,  
As of June 30, 2012**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Linwood, City of Northfield, City of Somers Point	\$ 34,048,016.00	100.00%	\$ 34,048,016.00
<b>Other Debt</b>			
Atlantic County Improvement Authority	47,953,923.00	7.05%	3,380,751.57
Atlantic County Utilities Authority	73,577,536.00	7.05%	5,187,216.29
County of Atlantic	131,518,545.13	7.05%	9,272,057.43
Subtotal, Overlapping Debt			<u>51,888,041.29</u>
<b>Mainland Regional High School District Direct Debt</b>			<u>46,655,000.00</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 98,543,041.29</u>

Sources:  
Annual Debt Statement- Cities of Linwood, Northfield and Somers Point

Mainland Regional High School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 55,780,799	\$ 60,958,698	\$ 68,937,061	\$ 81,272,928	\$ 96,357,347	\$ 108,805,514	117,150,357	118,139,449	115,952,273	109,597,470
Total net debt applicable to limit	13,215,000	12,815,000	12,320,000	12,435,000	11,875,000	11,270,000	10,570,000	50,250,000	48,475,000	46,655,000
Legal debt margin	\$ 42,565,799	\$ 48,143,698	\$ 56,617,061	\$ 68,837,928	\$ 84,482,347	\$ 97,535,514	\$ 106,580,357	\$ 67,889,449	\$ 67,477,273	\$ 62,942,470
Total net debt applicable to the limit as a percentage of debt limit	23.69%	21.02%	17.87%	15.30%	12.32%	10.36%	9.02%	42.53%	41.81%	42.57%

	2009	2010	2011	2012
Equalized valuation basis	3,856,896,811	3,663,955,511	3,438,894,636	\$ 10,959,746,958
Average equalized valuation of taxable property	\$ 3,653,248,986			
Debt limit (3% of average)	109,597,470			
Net bonded school debt	46,655,000			
Legal debt margin	\$ 62,942,470			

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

**Mainland Regional High School  
Demographic and Economic Statistics,  
Last Ten Fiscal Years**

**Exhibit J-14**

	Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars) (a)	Per Capita Personal Income	Unemployment Rate
<b>Linwood</b>	2002	7,269	238,794	32,851	3.5%
	2003	7,319	244,652	33,427	3.7%
	2004	7,338	252,735	34,442	3.2%
	2005	7,322	260,312	35,552	3.3%
	2006	7,293	268,922	36,874	3.7%
	2007	7,229	277,239	38,351	3.7%
	2008	7,213	283,976	39,370	4.6%
	2009	7,225	275,814	38,175	8.3%
	2010	7,092	281,879	39,746	8.5%
	2011	7,087	Not Available	Not Available	8.6%
<b>Northfield</b>	2002	7,826	257,092	32,851	3.5%
	2003	7,896	263,940	33,427	3.7%
	2004	7,972	274,572	34,442	3.2%
	2005	7,943	282,389	35,552	3.3%
	2006	7,938	292,706	36,874	3.1%
	2007	7,889	302,551	38,351	3.1%
	2008	7,882	310,314	39,370	3.8%
	2009	7,898	301,506	38,175	7.0%
	2010	8,624	342,769	39,746	7.1%
	2011	8,616	Not Available	Not Available	7.2%
<b>Somers Point</b>	2002	11,476	376,998	32,851	3.5%
	2003	11,536	385,614	33,427	3.7%
	2004	11,611	399,906	34,442	3.2%
	2005	11,581	411,728	35,552	3.3%
	2006	11,480	423,313	36,874	5.3%
	2007	11,390	436,818	38,351	5.3%
	2008	11,341	446,495	39,370	6.6%
	2009	11,354	433,439	38,175	11.8%
	2010	10,795	429,058	39,746	12.1%
	2011	10,787	Not Available	Not Available	12.2%

Source: NJ Dept of Labor and Workforce Development  
Labor Report of Per Capita Income, Atlantic County

(a) Personal income has been estimated based upon the municipal population and per capita personal income presented

Mainland Regional High School  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years

Exhibit J-16

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>										
Instruction:										
Regular instruction	125	130	128	128	130	135	131	136	131	125
Special education instruction										
Other special education instruction	8	8	8	7	7	12	14	14	17	17
Support Services:										
Student & instruction related services	19	20	19	21	21	22	22	22	23	20
General administrative services	3	3	2	2	2	4	4	4	4	4
School administrative services	14	15	13	13	13	13	13	12	12	14
Business administrative services	6	6	7	8	8	8	8	7	9	9
Plant operations and maintenance	18	18	18	20	20	19	19	20	19	18
Pupil transportation	1	1	12	12	12	11	12	13	13	15
Food Service	25	25	25	25	25	25	25	25	25	25
<b>Total</b>	<b>219</b>	<b>226</b>	<b>232</b>	<b>236</b>	<b>238</b>	<b>249</b>	<b>248</b>	<b>253</b>	<b>253</b>	<b>247</b>

Source: District Personnel Records  
 DOE Budget Support Document

Mainland Regional High School  
 Operating Statistics,  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2003	1,560	16,186,316	10,376	0.00%	152	1:10	1:10	1,560	1,446	5.83%	88.33%
2004	1,599	18,128,421	11,337	9.27%	152	1:9	1:9	1,599	1,480	2.50%	90.43%
2005	1,613	18,880,753	11,705	3.25%	155	1:10	1:10	1,613	1,501	0.88%	93.06%
2006	1,631	20,221,125	12,398	5.92%	146	1:11	1:11	1,622	1,506	0.56%	92.85%
2007	1,634	21,879,282	13,390	8.00%	150	1:11	1:11	1,606	1,594	-0.99%	99.25%
2008	1,639	22,933,418	13,992	4.50%	153	1:11	1:11	1,638	1,536	1.97%	93.78%
2009	1,635	23,794,474	14,553	4.01%	149	1:11	1:11	1,662	1,540	1.48%	92.66%
2010	1,644	24,372,616	14,825	1.87%	139	1:11	1:11	1,581	1,465	-4.87%	92.66%
2011	1,644	23,721,775	14,429	-2.67%	131	1:11	1:11	1,514	1,409	-4.23%	93.03%
2012	1,510	24,726,899	16,375	13.49%	125	1:11	1:11	1,466	1,382	-3.16%	94.28%

Source: District records, ASSA and Schedules J-12, J-14

**Mainland Regional High School  
School Building Information,  
Last Ten Fiscal Years**

**Exhibit J-18**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Buildings</u></b>										
<b><u>High School</u></b>										
Square Feet	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	252,500
Capacity (students)	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524
Enrollment	1,560	1,599	1,613	1,631	1,634	1,639	1,635	1,643	1,643	1,510

Source: District Records, ASSA

Mainland Regional High School  
 General Fund  
 Schedule of Required Maintenance for School Facilities,  
 Last Ten Fiscal Years  
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Mainland Regional High School	N/A	\$ 436,195	\$ 535,769	\$ 602,345	\$ 663,792	\$ 578,020	\$ 730,617	\$ 714,714	\$ 671,988	\$ 529,361	\$ 540,755
Total School Facilities		436,195	535,769	602,345	663,792	578,020	730,617	714,714	671,988	529,361	540,755
Other Facilities											
Grand Total		\$ 436,195	\$ 535,769	\$ 602,345	\$ 663,792	\$ 578,020	\$ 730,617	\$ 714,714	\$ 671,988	\$ 529,361	\$ 540,755

Source: 11-000-261-XXX

**Mainland Regional High School  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

**Exhibit J-20**

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Property- Blanket Building & Contents Inland Marine	\$ 150,000,000	\$ 500
	Crime	500,000	500
	General and Automobile Liability	10,000,000	-
	Educator's Legal Liability	10,000,000	-
	Workers Compensation	Statutory	-
	Boiler and Machinery-Fleet	100,000,000	1,000
	Pollution Legal Liability	3,000,000	25,000
Selective Insurance Company	Business Administrator/Board Secretary	100,000.00	
	Treasurer of School Monies	220,000.00	
Maskin Insurance Company	Student Accident Insurance		
	Full Excess Coverage		
	Accident Medical Coverage Maximum Cash Benefit	25,000	1,000

Source: District Insurance Policies

**SINGLE AUDIT SECTION**

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**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  
Mainland Regional High School District  
County of Atlantic, New Jersey

We have audited the financial statements of the Board of Education of the Mainland Regional High School District, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. 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**

Management of the Mainland Regional High School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Mainland Regional High School Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mainland Regional High School Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mainland Regional High School board of Education'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 all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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 and questioned costs to be a material weakness and is listed as item #12-02.

## **Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the Mainland Regional High School Board of Education in a separate management report dated December 17, 2012.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Mainland Regional High School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mainland Regional High School Board of Education, the New Jersey State Department of Education (the cognizant audit agency), and other federal and state awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these specified parties.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Glen J. Ortman*

**Glen J. Ortman**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 853**

**December 17, 2012**

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

The Honorable President and  
Members of the Board of Education  
Mainland Regional High School District  
County of Atlantic, New Jersey

Compliance

We have audited the Board of Education of the Mainland Regional High School District, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. Mainland Regional High School Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Mainland Regional High School Board of Education's management. Our responsibility is to express an opinion on the Mainland Regional High School Board of Education's compliance based on our audit.

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

In our opinion, the Board of Education of the Mainland Regional High School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

## Internal Control Over Compliance

The management of the Board of Education of the Mainland Regional High School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Mainland Regional High School Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mainland Regional High School Board of Education's internal control over compliance.

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

Our consideration of the internal control over 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management, the Mainland Regional High School Board of Education, the New Jersey State Department of Education (cognizant audit agency), 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.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Glen J. Ortman*

**Glen J. Ortman**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 853**

**December 17, 2012**

MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Re-Payment of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2012	Due to Grantor
												Deferred Revenue	
<b>U.S. Department of Education (Passed through N.J. Department of Education)</b>													
General Fund:													
Educational Jobs Fund	84.010A	N/A	8/1/2010 - 9/30/2012	252,723.00	\$	\$	\$	(252,723.00)	\$	\$	(5,752.32)	\$	\$
Medical Assistance Program (SEMI)	93.778	N/A	7/1/2011 - 6/30/2012	52,684.55	(4,022.78)	(15,849.70)	27,771.41	(33,523.73)					
Medical Assistance Program (SEMI)	93.778	N/A	7/1/2010 - 6/30/2011	26,371.64		15,849.70	4,022.78						
Medicaid Administrative Claiming Program (MAC)	93.778		7/1/2011 - 6/30/2012	710.77	(4,022.78)			(710.77)			(710.77)		
Total General Fund								(286,957.50)			(6,463.09)		
<b>U.S. Department of Education Passed-Through State Department of Education</b>													
Special Revenue Fund:													
Title I, Part A Cluster:													
Title I, Part A	84.010A		9/1/2009 - 8/31/2010	122,092.00	(1,070.45)	(15,849.70)					(1,070.45)		
Title I, Part A	84.010A		9/1/2010 - 8/31/2011	141,945.00	(14,638.85)	15,849.70					(30,488.55)		
Title I, Part A - Carryover	84.010A		9/1/2010 - 8/31/2011	141,945.00				(15,849.70)					
Title I, Part A	84.010A		9/1/2011 - 8/31/2012				100,966.00	(103,551.75)			(2,585.75)		
ARRA - Title I, Part A	84.389		7/1/2009 - 8/31/2011	87,834.00	(1,290.08)	(25,825.92)	27,116.00						
ARRA - Title I, Part A - Carryover	84.389		7/1/2009 - 8/31/2011	87,834.00		25,825.92		(23,347.38)					2,478.54
Title I, Part A	84.010A		9/1/2005 - 8/31/2006		5,009.69					(5,009.69)			
Total Title I, Part A Cluster					(11,989.69)		128,082.00	(142,748.83)		(5,009.69)	(34,144.75)		2,478.54
Title II, Part A	84.367A		9/1/2009 - 8/31/2010	32,205.00	(10,408.76)						(10,408.76)		
Title II, Part A	84.367A		9/1/2008 - 8/31/2009	29,970.00	(826.36)						(826.36)		
Title II, Part A	84.367A		9/1/2010 - 8/31/2011	32,904.00	(10,809.78)	(22,039.92)			1,526.13		(31,323.57)		
Title II, Part A - Carryover	84.367A		9/1/2010 - 8/31/2011	32,904.00		22,039.92		(22,039.92)					
Title II, Part A	84.367A		9/1/2011 - 8/31/2012				8,991.00	(15,813.07)			(6,822.07)		
Title II, Part A	84.367A		9/1/2007 - 8/31/2008	26,983.00	7,323.90				(0.20)	(7,323.90)			
Title IV	84.186A		9/1/2009 - 8/31/2010	3,745.00	(53.80)		54.00				(737.97)		
Title IV	84.186A		9/1/2008 - 8/31/2009	3,745.00	(737.97)								
Title IV	84.186A		9/1/2007 - 8/31/2008	3,745.00	2,084.75					(2,084.75)			
Special Education Cluster (IDEA):													
I.D.E.A. Part B, Basic Regular	84.027		9/1/2009 - 8/31/2010	295,062.00	(40,822.39)	(66,073.67)	40,822.00				(66,074.06)		
I.D.E.A. Part B, Basic Regular	84.027		9/1/2010 - 8/31/2011	305,432.00		66,073.67		(66,073.67)					
I.D.E.A. Part B, Basic Regular (Carryover)	84.027		9/1/2010 - 8/31/2011	305,432.00		66,073.67		(66,073.67)					
I.D.E.A. Part B, Basic Regular	84.391		9/1/2011 - 8/31/2012				259,861.00	(285,659.92)			(25,798.92)		
ARRA - I.D.E.A. Part B, Basic Regular	84.391		7/1/2009 - 8/31/2011	357,012.00	(116,215.38)		123,436.00						7,220.62
ARRA - I.D.E.A. Part B, Basic Regular	84.391		7/1/2009 - 8/31/2011	357,012.00							(2,208.00)		
I.D.E.A. Part B, Basic Regular	84.027		9/1/2003 - 8/31/2004	225,048.00	(159,245.77)		424,119.00	(351,733.59)			(94,080.99)		7,220.62
Total Special Education Cluster (IDEA)					(200,399.65)		589,097.57	(547,297.83)			(186,324.36)		15,071.73
Carl D. Perkins - Secondary	84.048A		7/1/2011 - 6/30/2012	17,318.00	(1,519.69)		8,999.00	(14,962.42)			(5,963.42)		
Carl D. Perkins - Secondary	84.048A		9/1/2010 - 8/31/2011	397,582.40			1,520.00		(0.31)				
Workforce Investment	17.250		7/1/2010 - 6/30/2011	60,000.00	(2,016.48)		17,332.57		240.00		(2,016.48)		5,372.57
Workforce Investment	17.250		7/1/2008 - 6/30/2009	60,000.00									
Total Special Revenue Fund					(200,399.65)		589,097.57	(547,297.83)	1,765.62	(14,418.34)	(186,324.36)		15,071.73
<b>Enterprise Fund:</b>													
Food Distribution Program	10.550	N/A	7/1/2011 - 6/30/2012	68,342.45			68,342.45	(68,342.45)					
Child Nutrition Cluster:													
National School Lunch Program	10.555	N/A	7/1/2011 - 6/30/2012	463,945.10			424,253.97	(453,945.10)			(29,691.13)		
National School Lunch Program	10.555	N/A	7/1/2010 - 6/30/2011	397,582.40	(70,719.06)		70,719.06						
School Breakfast Program	10.553	N/A	7/1/2011 - 6/30/2012	99,506.89			92,663.99	(99,506.89)			(6,842.90)		
School Breakfast Program	10.553	N/A	7/1/2010 - 6/30/2011	76,186.92	(17,293.34)		17,293.34						
Total Child Nutrition Cluster					(88,012.40)		604,930.36	(553,451.99)			(36,534.03)		
Total Enterprise Fund					(88,012.40)		673,272.81	(621,794.44)			(36,534.03)		
				\$	(292,434.83)	\$	1,546,887.57	(1,456,049.77)	1,765.62	(14,418.34)	(229,321.46)	\$	15,071.73

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Carryover (With) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Funds Balances	Balance at June 30, 2012		MEMO	
				Retained (Accrs. Receivable)	Due to Grantor					(Account) Receivable	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>													
General Fund:													
State Aid - Public Cluster:													
Equalization aid	12-485-034-5120-078	6/30/2012	\$ 5,542,828.00	\$ -	\$ -	\$ -	\$ 6,033,099.00	\$ (6,033,099.00)	\$ -	\$ -	\$ -	\$ 538,641.74	\$ 6,033,099.00
Special Education Aid	12-485-034-5120-089	6/30/2012	858,684.00	-	-	-	858,684.00	(858,684.00)	-	-	-	76,664.26	858,684.00
Total state aid - Public Cluster							6,891,783.00	(6,891,783.00)	-	-	-	615,306.00	6,891,783.00
Non-Public Transportation Aid	12-485-034-5120-014	6/30/2012	1,218.00	-	-	-	1,218.00	(1,218.00)	-	-	-	-	1,218.00
Extraordinary Aid	12-485-034-5120-044	6/30/2012	84,486.00	-	-	-	84,486.00	(84,486.00)	-	-	-	-	84,486.00
Anti-Bullying	11-485-034-5120-044	6/30/2012	107,550.00	(107,550.00)	-	-	107,550.00	-	-	-	(84,486.00)	-	107,550.00
TPAF Wage Freeze Grant	N/A	6/30/2012	745.00	-	-	-	745.00	-	-	-	-	-	745.00
Reimbursed TPAF Social Security Contributions	11-485-034-5095-002	6/30/2012	1,684.00	(832.00)	-	-	832.00	-	-	-	-	-	1,684.00
Reimbursed TPAF Social Security Contributions	11-485-034-5095-002	6/30/2012	842,329.14	(117,633.62)	-	-	117,633.62	-	-	-	-	-	842,329.14
Total General Fund			842,134.53	(236,015.62)	-	-	803,804.32	(842,134.53)	-	-	(88,330.21)	-	842,134.53
Special Revenue Fund:													
Workshop	98-100-034-5062-032	6/30/1998	9,850.00	(2,000.43)	-	-	-	-	-	-	(2,000.43)	-	9,850.00
Tobacco Initiative - REBEL		6/15/2007	3,000.00	(3,000.00)	-	-	-	-	-	-	(3,000.00)	-	3,000.00
Total Special Revenue Fund			12,850.00	(5,000.43)	-	-	-	-	-	-	(5,000.43)	-	12,850.00
Debt Service Fund:													
Debt Service Aid Type II	12-485-034-5120-017	6/30/2012	1,014,157.00	-	-	-	1,014,157.00	(1,014,157.00)	-	-	-	-	1,014,157.00
Total Debt Service Fund			1,014,157.00	-	-	-	1,014,157.00	(1,014,157.00)	-	-	-	-	1,014,157.00
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)	12-100-010-3350-023	6/30/2012	11,360.07	(2,004.94)	-	-	10,637.72	(11,360.07)	-	-	(722.35)	-	11,360.07
National School Lunch Program (State Share)	11-100-010-3360-067	6/30/2011	10,534.23	(2,004.94)	-	-	2,004.94	-	-	-	-	-	10,534.23
Total Enterprise Fund			21,894.30	(4,009.88)	-	-	12,642.66	(11,360.07)	-	-	(722.35)	-	21,894.30
<b>Total State Financial Assistance</b>			<b>\$ 9,820,820.97</b>	<b>\$(233,020.99)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,950,365.60</b>	<b>\$(8,845,893.60)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(128,546.99)</b>	<b>\$ -</b>	<b>\$ 9,820,820.97</b>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**K-5 Notes to the Schedules of Financial Assistance**  
**June 30, 2012**

**Note 1: General**

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

**Note 2: Basis of Accounting**

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

**Note 3: Relationship to Basic Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$55,493.00) for the general fund and \$4,791.90 for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented in the table below:

	Federal	State	On-Behalf TPAF Pension	Total
General Fund	\$ 286,957.70	8,832,602.53	(1,067,719.00)	\$ 8,051,841.23
Special Revenue Fund	552,089.73			552,089.73
Debt Service Fund		1,014,157.00		1,014,157.00
Food Service Fund	621,794.44	11,360.07		633,154.51
<b>Total Financial Assistance</b>	<b>\$ 1,460,841.87</b>	<b>\$ 9,858,119.60</b>	<b>\$ (1,067,719.00)</b>	<b>\$ 10,251,242.47</b>

The On-Behalf Pension Contributions made for the District by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**K-5 Notes to the Schedules of Financial Assistance**  
**June 30, 2012**  
**(Continued)**

**Note 4: Relationship to Federal and State Financial Reports**

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

**Note 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. 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, 2012.

**Note 6: Adjustments**

The District has instances where a grant period overlaps fiscal years and the grant has not closed out at the end of the current fiscal year. The following adjustments were a result of a prior year check being voided, prior year cancellation of encumbrances and minor adjustments for dollar rounding.

Federal:

Title II, Part A	\$ 1,526.13
Workforce Investment	\$ 240.00
Title IV	\$ (0.20)
Carl D. Perkins - Secondary	\$ (0.31)
	<hr/>
	<u>\$ 1,765.62</u>

**MAINLAND REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified?  X  yes   No
- 2) Significant Deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Non-compliance material to Basic financial statements noted?   yes  X  No

**Federal Awards**

Internal Control over major programs:

- 1) Material weakness(es) identified:   yes  X  No
- 2) Significant Deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Title I Part A Cluster	
84.010	Title I Part A
84.389	Title I Part A ARRA
Child Nutrition Cluster:	
10.555	National School Lunch Program
10.553	School Breakfast Program
Medical Assistance Program:	
93.778	Medical Assistance Program (SEMI)
93.778	Medicaid Administrative Claiming Program (MAC)

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

Auditee qualified as low-risk auditee?   Yes  X  No

**MAINLAND REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

***Section I - Summary of Auditor's Results (Continued)***

**State Awards**

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

Auditee qualified as low-risk auditee?            Yes   X   No

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Internal Control over major programs:

1) Material weakness(es) identified?            Yes   X   No

2) Significant Deficiencies identified that are not considered to be material weaknesses?            Yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?            Yes   X   No

Identification of major programs:

<u><b>GMIS Number(s)</b></u>	<u><b>Name of State Program</b></u>
State Aid – Public Cluster:	
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid

**MAINLAND REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

***Section II - Financial Statement Findings***

**FINDING 12-02**

During our review of the various bank reconciliations, it was noted that there were reconciling items that had not been recorded in the general ledger. The reconciling items consisted of various receipts and disbursements. Those reconciling items were material to the financial statements as a whole.

Criteria:	All activity should be recorded monthly in the various general ledgers.
Condition:	Reconciling items had not been recorded in the general ledger
Cause:	District personnel were unsure of the correct general ledger account to post.
Effect:	The financial statements could be materially misstated.
Recommendation:	That all activity be recorded in the general ledger each month.
View of Responsible Official: current	The District agrees with this finding and will take corrective action during the year.

***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs***

**FEDERAL AWARDS**

NONE

**STATE AWARDS**

NONE

**MAINLAND REGIONAL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**STATUS OF PRIOR YEAR FINDINGS**

**FINANCIAL STATEMENT FINDINGS**

**FINDING G-11-03**

Condition: Reconciling items had not been recorded in the general ledger.

Recommendation: That all activity be recorded in the general ledger each month.

Current Year Status: This condition has been repeated in the current year audit as finding #12-02.

Management Response: All Activity will be recorded in the general ledger each month.

**FEDERAL AWARDS**

**TITLE I, PART A CLUSTER**

**FINDING G-11-06**

Condition: The District owes the State of New Jersey, for three years, of the employer share of pensions, group life insurance, FICA and other benefits of the Teachers' Pension and Annuity Fund (TPAF for TPAF members carrying out and paid from federally funded programs).

Recommendation: That the Board reimburse the State of New Jersey for the employer share of pensions, group life insurance, FICA and other benefits of the TPAF for TPAF members carrying out and paid from federally funded programs in accordance with N.J.S.A. 18A:66-90.

Current Year Status: This condition has been corrected in the current year.

**CHILD NUTRITION CLUSTER**

**FINDING G-11-07**

Condition: A large number of accounts receivables are on the balance sheet of the Food Service Fund.

Recommendation: That every attempt be made to collect the receivables in the Food Service Fund.

Current Year Status: This condition has been corrected in the current year.

MAINLAND REGIONAL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)

**STATE AWARDS**

**CHILD NUTRITION CLUSTER**

**FINDING G-11-07**

Condition: A large number of accounts receivables are on the balance sheet of the Food Service Fund.

Recommendation: That every attempt be made to collect the receivables in the Food Service Fund.

Current Year Status: This condition has been corrected in the current year.