

**SCHOOL DISTRICT
OF
MINE HILL TOWNSHIP**

**Mine Hill Township School District
Mine Hill, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

Mine Hill Township School District

Mine Hill, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Mine Hill Township School District
Board of Education**

MINE HILL TOWNSHIP SCHOOL DISTRICT
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**INTRODUCTORY SECTION
(UNAUDITED)**



Mine Hill Township Board of Education
 Canfield Avenue School
 42 Canfield Avenue
 Mine Hill, NJ 07803

Phone 973-366-0590 Fax 973-366-8786

November 20, 2012

Honorable President and
 Members of the Board of Education
 Mine Hill Township
 Mine Hill, New Jersey 07803

Dear Board Members:

The comprehensive annual financial report of the Mine Hill Township School District (the "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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) Reporting Entity and Its Services

The Mine Hill Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mine Hill Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services to students in grades Pre-K through 6th grade. The majority of students in grades 7-12 attend Dover Middle School and Dover High School. Five students are permitted by law to attend Roxbury High School based on the results of a lottery. As of June 30, 2012, the total District enrollment was 419 for Pre-K through 6th grades, and 162 for 7th through 12th grades, for a total of 581 students. The table on the following page illustrates the changes in the student enrollment of the District over the last five years.

The Honorable President and Members of
the Board of Education
Mine Hill Township School District
Page 2
November 20, 2012

Fiscal Year	Average Daily Enrollment	
	Pre-K-6 Enrollment	Percent Change
2011-2012	423	6.28%
2010-2011	398	5.85%
2009-2010	376	-0.27%
2008-2009	377	3.57%
2007-2008	364	3.41%

2) Economic Condition and Outlook

The Mine Hill Township Board of Education continues to provide a high quality education while maintaining a fiscally conservative approach. The Board has controlled costs and been mindful of the impact of its decisions on the local taxpayer. The result is that Mine Hill has consistently ranked near the bottom in per pupil spending in the county, while providing its students with an excellent education. This excellence in education has made Mine Hill a lighthouse district in Morris County.

3) Major Initiatives

The District's curriculum is aligned with the New Jersey Core Curriculum Content Standards. We have developed an extensive assistive technology laboratory that has greatly increased our ability to address the special needs of students.

The Canfield Avenue School is a Blue Ribbon Original choice school. The focus of the Board is to maintain a high level of academic excellence and a nurturing environment that promotes educational improvement. Technology improvements in both infrastructure and hardware helped keep the District and the students moving forward to the 21st Century goals.

During the 2011-2012 school year, the District shared a Superintendent with Wharton Borough School District, and was in a shared service relationship with Morris Hills Public Schools for Child Study Team services, as well as many sharing projects such as snow removal and lawn maintenance with Mine Hill Township. These initiatives keep the costs in line with the District's goals and objectives.

4) Internal Accounting Controls

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

The Honorable President and Members of
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5) Budgetary Controls

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

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

6) Accounting System and Reports

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

7) Debt Administration

At June 30, 2012, the District had \$1,628,000 in outstanding bonds payable. Additional information regarding the District's debt is contained in the "Notes to the Basic Financial Statements", Note 8.

8) Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) Risk Management

The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The School Alliance Insurance Fund "SAIF" oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The District is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the SAIF is included in the "Notes to the Basic Financial Statements", Note 11.

The Honorable President and Members of
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10) Other Information

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal 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*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) Acknowledgment

We would like to express our appreciation to the members of the Mine Hill Township Board of Education for their continuing commitment to provide fiscal accountability to the citizens and taxpayers of Mine Hill 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 with the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

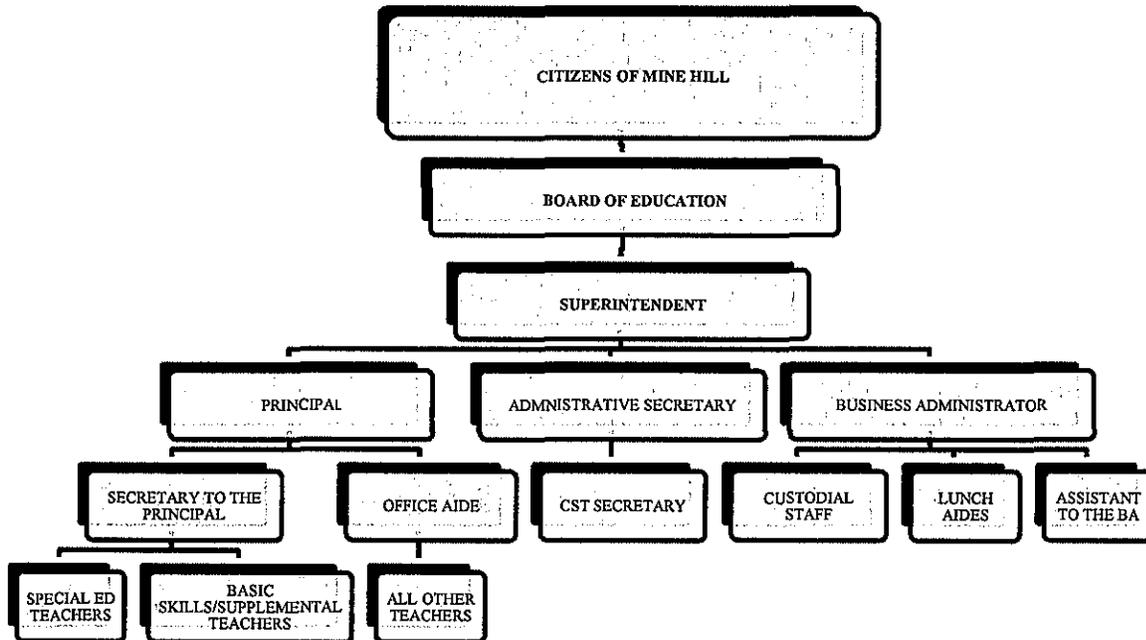


Dennis Mack
Interim Superintendent of Schools



Ruthann Quinn
Interim School Business Administrator/
Board Secretary

MINE HILL TOWNSHIP SCHOOL DISTRICT ORGANIZATION CHART



**MINE HILL TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary Jo Walilko, President	2014
Steven Hoh, Vice President	2012
Caryn Battaglia	2013
Bridget Mauro	2012
Jill Del Rio	2013
Patricia Hernandez	2014
Denise Jimenez-Arias	2012

<u>Other Officials</u>	<u>Title</u>
Dennis Mack	Interim Superintendent of Schools
Ruthann Quinn	Interim School Business Administrator/Board Secretary
Andrew Brown	Board Attorney

MINE HILL TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Attorney

Andrew Brown, Esq.
Schwartz, Simon, Edelstein, Celso & Zitomer, LLC
44 Whippany Road, Suite 210
P.O. Box 2355
Morristown, New Jersey 07962

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Official Depositories

Valley National Bank
271-273 Route 46
Mine Hill, NJ 07803

State of New Jersey Cash Management Fund
Citifund Services
P.O. Box 182218
Columbus, Ohio 43218-2218

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Mine Hill Township School District
 County of Morris, 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 Mine Hill Township School District in the County of Morris as of and for the fiscal year ended June 30, 2012 which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit. The basic financial statements of the Mine Hill Township School District as of June 30, 2011 were audited by another auditor whose report dated February 10, 2012 expressed a qualified opinion on those statements.

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 Office of School 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012 on our consideration of the Board of Education of the Mine Hill Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

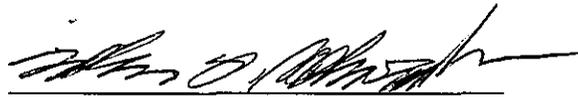
The Honorable President and Members
of the Board of Education
Mine Hill Township School District
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Mine Hill Township School District's financial statements. The accompanying supplementary information schedules such as the combining and individual nonmajor fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has 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 accompanying supplementary information such as the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mount Arlington, New Jersey
November 20, 2012

NISIVOCIA, LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

This section of Mine Hill Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* adopted in June, 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

- The District's net assets have been directly affected in recent years by legislation titled "S1701" which restricts the District's unassigned fund balance to 2% of adjusted expenditures.
- Overall revenue was \$9,459,318 for the fiscal year.
- Overall expenditures were \$9,505,802 for the fiscal year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

**Figure A-1
Organization of Mine Hill Township School District's Financial Report**

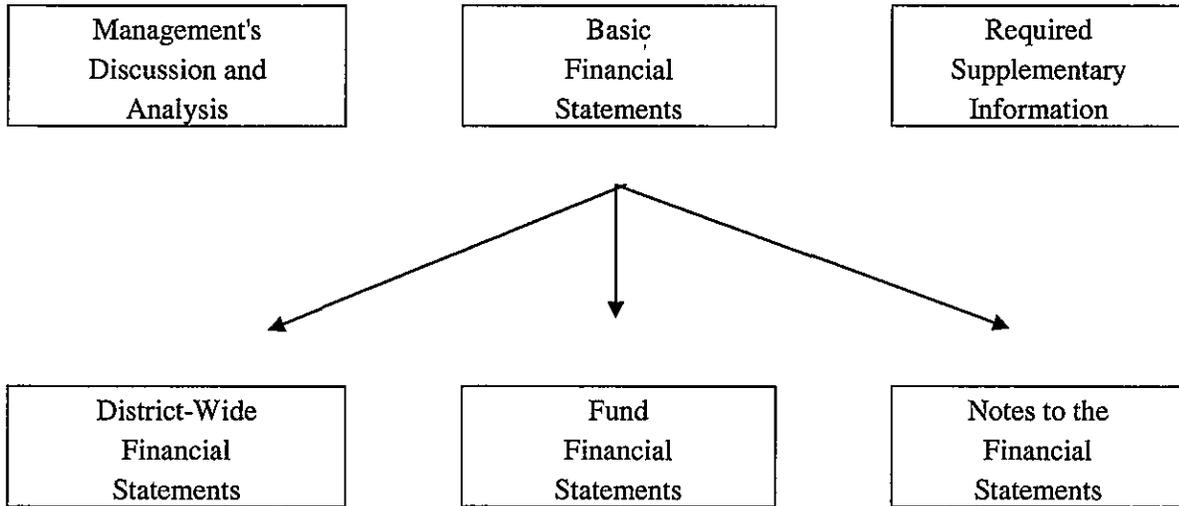


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service enterprise fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements: The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets were \$5,495,530 on June 30, 2012, \$46,484 or .84% less than they were the year before (See Figure A-3). Net assets invested in capital assets decreased by \$122,686 due to \$244,982 and \$2,704 of depreciation related to governmental and business-type capital assets, respectively, offset by the retirement of \$125,000 of bonded debt. Restricted net assets increased by \$265,250 which is comprised of capital reserve deposits and interest of \$225,859 and maintenance reserve deposits of \$125,000, offset by the utilization of the balance in the tuition reserve of \$85,609 in the 2011-12 budget. Unrestricted net assets decreased by \$189,048, primarily due to increases in compensated absences and the capital and maintenance reserve accounts of \$11,760, \$235,308 and \$125,000, respectively, offset by governmental activities local and state revenues exceeding budgeted amounts by \$31,409 and \$148,657, respectively, and a net increase in the operations of the food service enterprise fund of \$7,728.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2011/12
	2011/12	2010/11 (Restated)	2011/12	2010/11 (Restated)	2011/12	2010/11 (Restated)	
Current and							
Other Assets	\$ 952,454	\$ 800,843	\$ 25,997	\$ 39,034	\$ 978,451	\$ 839,877	16.50%
Capital Assets, Net	6,348,183	6,593,165	3,777	6,481	6,351,960	6,599,646	-3.75%
Total Assets	7,300,637	7,394,008	29,774	45,515	7,330,411	7,439,523	-1.47%
Long-Term Debt							
Outstanding	1,725,110	1,838,350			1,725,110	1,838,350	-6.16%
Other Liabilities	109,726	35,645	45	23,514	109,771	59,159	85.55%
Total Liabilities	1,834,836	1,873,995	45	23,514	1,834,881	1,897,509	-3.30%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	4,720,183	4,840,165	3,777	6,481	4,723,960	4,846,646	-2.53%
Restricted	482,863	217,613			482,863	217,613	121.89%
Unrestricted	262,755	462,235	25,952	15,520	288,707	477,755	-39.57%
Total Net Assets	\$ 5,465,801	\$ 5,520,013	\$ 29,729	\$ 22,001	\$ 5,495,530	\$ 5,542,014	-0.84%

Changes in Net Assets. The District's combined net assets decreased by \$46,484, or .84%. Net assets from governmental activities decreased \$54,212 while net assets from business-type activities increased by \$7,728 (See Figure A-4).

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Financial Analysis of the District as a Whole

**Figure A-4
Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2011/12
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Revenue:							
Program Revenue:							
Charges for Services	\$ 42,721	\$ 9,543	\$ 97,202	\$ 85,011	\$ 139,923	\$ 94,554	47.98%
Grants and Contributions:							
Operating	1,082,773	1,046,026	60,178	52,947	1,142,951	1,098,973	4.00%
General Revenue:							
Property Taxes	6,045,771	5,842,545			6,045,771	5,842,545	3.48%
Federal and State Aid Not Restricted	2,096,427	1,622,348			2,096,427	1,622,348	29.22%
Other	34,189	51,991	57	65	34,246	52,056	-34.21%
Total Revenue	9,301,881	8,572,453	157,437	138,023	9,459,318	8,710,476	8.60%
Expenses:							
Instruction	3,248,319	3,056,638			3,248,319	3,056,638	6.27%
Pupil and Instruction Services	4,451,080	3,797,419			4,451,080	3,797,419	17.21%
Administrative and Business	620,990	631,032			620,990	631,032	-1.59%
Maintenance and Operations	421,542	439,109			421,542	439,109	-4.00%
Transportation	524,187	528,155			524,187	528,155	-0.75%
Other	89,975	87,375	149,709	139,226	239,684	226,601	5.77%
Total Expenses	9,356,093	8,539,728	149,709	139,226	9,505,802	8,678,954	9.53%
Increase/(Decrease) in Net Assets	\$ (54,212)	\$ 32,725	\$ 7,728	\$ (1,203)	\$ (46,484)	\$ 31,522	

Revenue Sources. The District's total revenue for the 2011/12 school year was \$9,459,318 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$6,045,771 of the total, or 63.92 percent (See Figure A-5). The remaining 36.08 percent of revenue is comprised of 34.24 percent from operating grants and contributions and federal and state grants not restricted, 1.48 percent from charges for services and .36 percent from other miscellaneous sources. The \$1,142,951 of operating grants and contributions revenue includes \$192,870 of funds that are not paid to the District, but are included in funding for Post-Retirement Medical Benefits and Pension Contributions that the State of New Jersey is paying on behalf of the District. The Mine Hill Township School District primarily conducts its operations from the revenue it receives from its local taxpayers and State Aid.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

**Figure A-5
Sources of Revenue for Fiscal Year 2012**

Sources of Income:	<u>Amount</u>	<u>Percentage</u>
Charges for Services	\$ 139,923	1.48%
Operating Grants and Contributions	1,142,951	12.08%
Property Taxes	6,045,771	63.92%
Federal and State Aid Not Restricted	2,096,427	22.16%
Other	34,246	0.36%
	<u>\$ 9,459,318</u>	<u>100.00%</u>

The total cost of all programs and services was \$9,505,802. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (86.51 percent) (See Figure A-6). The District's administrative and business activities accounted for 6.53 percent of total costs. The most significant contributors to the cost of maintenance and operations were higher energy costs and insurance. It is important to note that other expenses include \$8,075 for charter schools, \$81,900 for interest on long-term debt and \$149,709 for business-type activities.

**Figure A-6
Expenses for Fiscal Year 2012**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 3,248,319	34.17%
Pupil and Instruction Services	4,451,080	46.83%
Administrative and Business	620,990	6.53%
Maintenance and Operations	421,542	4.44%
Transportation	524,187	5.51%
Other	239,684	2.52%
	<u>\$ 9,505,802</u>	<u>100.00%</u>

Governmental Activities

The financial position of the District declined by .84% during the year and remains relatively stable. Maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils and the cost of employee benefits has placed great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instruction services, administrative and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011/2012	2010/2011	2011/2012	2010/2011
Instruction	\$ 3,248,319	\$ 3,056,638	\$ 2,344,867	\$ 2,185,557
Pupil and Instruction Services	4,451,080	3,797,419	4,267,491	3,746,183
Administrative and Business	620,990	631,032	591,664	606,275
Maintenance and Operations	421,542	439,109	417,188	422,792
Transportation	524,187	528,155	519,414	525,152
Other	89,975	87,375	89,975	(1,800)
	<u>\$ 9,356,093</u>	<u>\$ 8,539,728</u>	<u>\$ 8,230,599</u>	<u>\$ 7,484,159</u>

- The cost of all governmental activities this year was \$9,356,093.
- The federal and state governments subsidized certain programs with grants and contributions (\$1,082,773).
- Most of the District's costs, however, were financed by District taxpayers (\$6,045,771).
- A portion of governmental activities was financed with state aid not restricted (\$2,096,427).
- The remainder of funding came from tuition, charges for services, investment earnings and miscellaneous revenue (\$76,910).

Business-Type Activities

The net assets of the District's business-type activities increased by \$7,728 as a result of the operations of the food service enterprise fund (Refer to Figure A-4).

Financial Analysis of the District's General Fund Assigned Fund Balance

The District's financial condition has been directly affected in recent years by legislation titled "S1701" which reduced the amount of allowable General Fund unassigned fund balance to 2% of adjusted expenditures. At June 30, 2012 the District's 2% limit is \$250,000 plus adjustments for additional State Aid of \$148,657, for a total of \$398,657 as allowable General Fund unassigned fund balance. The District did not appropriate any fund balance as revenue in its 2012-2013 budget.

The State imposes spending and tax levy limits on the District in its budget process. Therefore, the District must continue to monitor expenditures and fund balance and manage operating and capital needs within these budget constraints.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2011/12
	2011/12	2010/11 (Restated)	2011/12	2010/11 (Restated)	2011/12	2010/11 (Restated)	
	Sites (Land)	\$ 59,696	\$ 59,696			\$ 59,696	
Site Improvements	16,802	25,225			16,802	25,225	-33.39%
Buildings and Building Improvements	6,146,548	6,358,860			6,146,548	6,358,860	-3.34%
Machinery and Equipment	125,137	149,384	\$ 3,777	\$ 6,481	128,914	155,865	-17.29%
Total Capital Assets, Net of Depreciation	\$ 6,348,183	\$ 6,593,165	\$ 3,777	\$ 6,481	\$ 6,351,960	\$ 6,599,646	-3.75%

The District did not invest in any capital assets and incurred \$244,982 and \$2,704 of depreciation expense related to governmental and business-type capital assets, respectively. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

Long-term Debt

At year-end, the District had \$1,628,000 in net general obligation bonds outstanding and \$97,110 in compensated absences payable as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage Change 2011/12
	2011/12	2010/11	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,628,000	\$ 1,753,000	-7.13%
Other Long-Term Liabilities	97,110	85,350	13.78%
Total	\$ 1,725,110	\$ 1,838,350	-6.16%

- A principal payment of \$125,000 on the District's general obligation bonds was made during the fiscal year.
- The District's liability for compensated absences increased by the net amount of \$11,760.

**Mine Hill Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Meeting the needs of increasing salary and health benefit costs have been major budget concerns to the District.
- Legislation titled S1701 and A-99, passed by the State in June 2004, required school districts to reduce unassigned fund balance in the General Fund to 2% of annual budget expenditures for the past three years. The law reduced the amount by which Districts could increase their budgets to 2.5% and imposed tight restrictions on their ability to transfer funds within the budget, from existing fund balance or from capital reserve. The District has been left with limited resources to fund unanticipated costs and future budgets. Legislation in 2010 has further restricted the allowable tax levy increase to 2%.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 42 Canfield Avenue, Mine Hill, New Jersey 07803-3085.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents/(Deficit)	\$ (19,330)	\$ 17,038	\$ (2,292)
Internal Balances	470	(470)	
Receivables from Other Funds	79,110		79,110
Receivables from State Government	340,984	256	341,240
Receivables from Federal Government	36,187	7,562	43,749
Other Receivables	32,170		32,170
Restricted Assets:			
Capital Reserve Account - Cash	357,863		357,863
Maintenance Reserve Account - Cash	125,000		125,000
Inventory		1,611	1,611
Capital Assets, Net:			
Sites (Land)	59,696		59,696
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	6,288,487	3,777	6,292,264
Total Assets	<u>7,300,637</u>	<u>29,774</u>	<u>7,330,411</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable	6,429		6,429
Accounts Payable - Vendors	77,247	45	77,292
Accrued Interest Payable	26,050		26,050
Noncurrent Liabilities:			
Due Within One Year	130,000		130,000
Due Beyond one Year	1,595,110		1,595,110
Total Liabilities	<u>1,834,836</u>	<u>45</u>	<u>1,834,881</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,720,183	3,777	4,723,960
Restricted for:			
Capital Projects	357,863		357,863
Other Purposes	125,000		125,000
Unrestricted	262,755	25,952	288,707
Total Net Assets	<u>\$ 5,465,801</u>	<u>\$ 29,729</u>	<u>\$ 5,495,530</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,401,705	\$ 42,721	\$ 251,937	\$ (2,107,047)		\$ (2,107,047)
Special Education	759,755		598,197	(161,558)		(161,558)
Other Special Instruction	35,044		4,149	(30,895)		(30,895)
Other Instruction	51,815		6,448	(45,367)		(45,367)
Support Services:						
Tuition	3,874,104		136,678	(3,737,426)		(3,737,426)
Student & Instruction Related Services	576,976		46,911	(530,065)		(530,065)
General Administrative Services	227,860		1,248	(226,612)		(226,612)
School Administrative Services	218,404		24,817	(193,587)		(193,587)
Central Services	174,726		3,261	(171,465)		(171,465)
Plant Operations and Maintenance	421,542		4,354	(417,188)		(417,188)
Pupil Transportation	524,187		4,773	(519,414)		(519,414)
Transfer of Funds to Charter Schools	8,075			(8,075)		(8,075)
Interest on Long-Term Debt	81,900			(81,900)		(81,900)
Total Governmental Activities	9,356,093	42,721	1,082,773	(8,230,599)		(8,230,599)

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 149,709	\$ 97,202	\$ 60,178		\$ 7,671	\$ 7,671
Total Business-Type Activities	149,709	97,202	60,178		7,671	7,671
Total Primary Government	<u>\$ 9,505,802</u>	<u>\$ 139,923</u>	<u>\$ 1,142,951</u>	<u>\$ (8,230,599)</u>	<u>7,671</u>	<u>(8,222,928)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				5,836,996		5,836,996
Taxes Levied for Debt Service				208,775		208,775
Federal and State Aid not Restricted				2,096,427		2,096,427
Interest and Miscellaneous Income				34,189	57	34,246
Total General Revenues				<u>8,176,387</u>	<u>57</u>	<u>8,176,444</u>
Change in Net Assets				(54,212)	7,728	(46,484)
Net Assets - Beginning (Restated)				<u>5,520,013</u>	<u>22,001</u>	<u>5,542,014</u>
Net Assets - Ending				<u>\$ 5,465,801</u>	<u>\$ 29,729</u>	<u>\$ 5,495,530</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

MINE HILL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents/(Deficit)	\$ (98,122)		\$ 78,792	\$ (19,330)
Interfund Receivable	115,767			115,767
Receivables from State Government	148,991		191,993	340,984
Receivables from Federal Government		\$ 36,187		36,187
Other Receivables	32,170			32,170
Restricted Cash and Cash Equivalents	482,863			482,863
Total Assets	<u>\$ 681,669</u>	<u>\$ 36,187</u>	<u>\$ 270,785</u>	<u>\$ 988,641</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 6,429	\$ 36,187		\$ 42,616
Accounts Payable - Vendors	77,247			77,247
Total Liabilities	<u>83,676</u>	<u>36,187</u>	<u>\$ -0-</u>	<u>119,863</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	357,863			357,863
Maintenance Reserve Account	125,000			125,000
Committed			270,785	270,785
Assigned:				
Year-End Encumbrances	17,402			17,402
Unassigned	97,728			97,728
Total Fund Balances	<u>597,993</u>	<u>-0-</u>	<u>270,785</u>	<u>868,778</u>
Total Liabilities and Fund Balances	<u>\$ 681,669</u>	<u>\$ 36,187</u>	<u>\$ 270,785</u>	

Amounts reported for *Governmental Activities* in the Statement of Net Assets (A-1) are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$9,721,070 and the accumulated depreciation is \$3,372,887.	6,348,183
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(26,050)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds (see Note 7)	<u>(1,725,110)</u>
Net Assets of Governmental Activities	<u>\$ 5,465,801</u>

Exhibit B-2

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,836,996			\$ 208,775	\$ 6,045,771
Tuition	42,721				42,721
Interest Earned on Capital Reserve Funds	50				50
Miscellaneous	34,139				34,139
Total - Local Sources	5,913,906			208,775	6,122,681
State Sources	2,892,599				2,892,599
Federal Sources	79,622	\$ 206,979			286,601
Total Revenues	8,886,127	206,979		208,775	9,301,881
EXPENDITURES					
Current:					
Regular Instruction	1,637,758				1,637,758
Special Education Instruction	527,690	49,881			577,571
Other Special Instruction	26,400				26,400
Other Instruction	38,382				38,382
Support Services and Undistributed Costs:					
Tuition	3,737,426	136,678			3,874,104
Student & Instruction Related Services	499,129	20,420			519,549
General Administrative Services	217,348				217,348
School Administrative Services	163,181				163,181
Central Services	151,396				151,396
Plant Operations and Maintenance	371,502				371,502
Pupil Transportation	523,281				523,281
Unallocated Benefits	900,291				900,291
Debt Service:					
Principal				125,000	125,000
Interest and Other Charges				83,775	83,775
Capital Outlay	8,613				8,613
Transfer of Funds to Charter Schools	8,075				8,075
Total Expenditures	8,810,472	206,979		208,775	9,226,226
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	75,655				75,655
Net Change in Fund Balances	75,655				75,655
Fund Balance—July 1	522,338	-0-	\$ 270,785	-0-	793,123
Fund Balance—June 30	\$ 597,993	\$ -0-	\$ 270,785	\$ -0-	\$ 868,778

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MINE HILL TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 75,655
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays were exceeded by depreciation in the period.	
Depreciation expense	(244,982)
Repayment of debt service 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.	125,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	1,875
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 (+).	(11,760)
Change in Net Assets of Governmental Activities (Exhibit A-2)	<u>\$ (54,212)</u>

Exhibit B-4

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 17,038
Receivables from State Government	256
Receivables from Federal Government	7,562
Inventories	1,611
	26,467
Total Current Assets	26,467
Non-Current Assets:	
Capital Assets	55,290
Less: Accumulated Depreciation	(51,513)
	3,777
Total Non-Current Assets	3,777
Total Assets	30,244
LIABILITIES:	
Current Liabilities:	
Interfund Payable - General Fund	470
Accounts Payable - Vendors	45
	515
Total Current Liabilities	515
Total Liabilities	515
NET ASSETS:	
Investment in Capital Assets, Net of Related Debt	3,777
Unrestricted	25,952
	29,729
Total Net Assets	\$ 29,729

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 58,440
Daily Sales - Non-Reimbursable Programs	38,762
	97,202
Total Operating Revenue	97,202
Operating Expenses:	
Cost of Sales	73,181
Salaries	41,721
Payroll Taxes	6,250
Employee Benefits	4,328
Purchased Property Services	13,176
Supplies and Materials	8,349
Depreciation Expense	2,704
	149,709
Total Operating Expenses	149,709
Operating Loss	(52,507)
Non-Operating Revenue:	
State Sources:	
School Lunch Program	1,531
Federal Sources:	
Special Milk Program	623
School Breakfast Program	5,628
National School Lunch Program	39,434
Food Distribution Program	12,962
Local Sources:	
Interest Revenue	57
	60,235
Total Non-Operating Revenue	60,235
Change in Net Assets	7,728
Net Assets - Beginning of Year (Restated)	22,001
Net Assets - End of Year	\$ 29,729

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 82,945
Payments to Food Service Vendor	(140,340)
Payments to Suppliers	(2,246)
	(59,641)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	1,753
Federal Sources	51,319
	53,072
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Investing Activities:	
Interest Revenue	57
	57
Net Cash Provided by Investing Activities	
Net Decrease in Cash and Cash Equivalents	(6,512)
Cash and Cash Equivalents, July 1	23,550
Cash and Cash Equivalents, June 30	\$ 17,038
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (52,507)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,704
Federal Food Distribution Program	12,962
Changes in Assets and Liabilities:	
Decrease in Inventories	200
Decrease in Interfund Payable	(13,556)
Decrease in Accounts Payable	(8,743)
Decrease in Deferred Revenue	(701)
	(59,641)
Net Cash Used for Operating Activities	\$ (59,641)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$12,261 and \$12,962, respectively, for the fiscal year ended June 30, 2012.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2012

ASSETS:	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
Cash and Cash Equivalents	\$ 71,193	\$ 48,264
Interfund Receivable - General Fund		6,429
Receivables from State Government	<u>25,924</u>	
Total Assets	<u>97,117</u>	<u>54,693</u>
 LIABILITIES:		
Interfund Payable - General Fund	79,110	
Payroll Deductions and Withholdings	8,944	
Due to Student Groups	<u>9,063</u>	
Total Liabilities	<u>97,117</u>	
 NET ASSETS:		
Held in Trust for Unemployment Claims		<u>54,693</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 54,693</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

MINE HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employer	\$ 40,000
Total Contributions	<u>40,000</u>
Investment Earnings:	
Interest	<u>67</u>
Net Investment Earnings	<u>67</u>
Total Additions	<u>40,067</u>
DEDUCTIONS:	
Quarterly Contribution Reports and Unemployment Claims	<u>45,682</u>
Total Deductions	<u>45,682</u>
Change in Net Assets	(5,615)
Net Assets - Beginning of the Year	<u>60,308</u>
Net Assets - End of the Year	<u><u>\$ 54,693</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE 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 (the "Board") of Mine Hill Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school which comprises the Mine Hill Township School District. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 expenses by board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resource and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Enterprise Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the June State Aid payments for the current year. Since the State is recording the June State Aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,996,472	\$ 206,979
Difference - Budget to GAAP:		
State Aid Payment Recognized for:		
GAAP Statements, not Recognized for Budgetary Purposes (P/Y)	190,584	
Budgetary Purposes, not Recognized for GAAP Statements (C/Y)	(300,929)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 8,886,127	\$ 206,979
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,810,472	\$ 206,979
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,810,472	\$ 206,979
		Capital Projects Fund
Per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (Exhibit F-1)		\$ 441,313
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants not Recognized on the GAAP Basis		(170,528)
Per Governmental Funds (GAAP Basis) (Exhibit B-2)		\$ 270,785

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type 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.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments: (Cont'd)

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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. 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 funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed or assigned 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 revenue 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.

I. Short-term Interfund Receivables/Payables:

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

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Building Improvements	10 to 50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$597,993 General Fund balance at June 30, 2012, \$357,863 is restricted in the capital reserve account; \$125,000 is restricted in the maintenance reserve account; \$17,402 is assigned for encumbrances; and \$97,728 is unassigned which is \$300,929 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2013.

Capital Projects Fund: The \$270,785 Capital Projects Fund balance at June 30, 2012 is committed for capital projects which are financed with SDA grants, capital outlay, or capital reserve funds which is \$170,528 less than the budgetary basis due to SDA Grants receivable which are not recognized on the GAAP basis.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted 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 restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District did not have excess surplus at June 30, 2012.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$300,929 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

O. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established in the General Fund for a capital reserve and a maintenance reserve as defined by State law.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2012.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$17,402 in assigned resources for encumbrances in the General Fund at June 30, 2012.

R. Deficit Fund Balances/Net Assets:

The District had no deficit fund balances/net assets as of June 30, 2012.

S. 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.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following two pages.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking Accounts	\$ 114,228	\$ 357,863	\$ 125,000	\$ 597,091
NJ Cash Management Fund	2,937			2,937
	<u>\$ 117,165</u>	<u>\$ 357,863</u>	<u>\$ 125,000</u>	<u>\$ 600,028</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2012 was \$600,028 and the bank balance was \$1,613,705. The \$2,937 with New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board on October 10, 2000 by inclusion of \$1 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 State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1 (g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 132,004
Interest Earnings	50
Deposits - By Board Resolution	<u>225,809</u>
Ending Balance, June 30, 2012	<u>\$ 357,863</u>

The balance in the capital reserve account at June 30, 2012 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 11, 2012. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ -0-
Deposits - By Board Resolution	<u>125,000</u>
Ending Balance, June 30, 2012	<u>\$ 125,000</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance (Restated)	Increases	Decreases/ Transfers	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 59,696			\$ 59,696
Total Capital Assets Not Being Depreciated	<u>59,696</u>			<u>59,696</u>
Capital Assets Being Depreciated:				
Site Improvements	148,254			148,254
Buildings and Building Improvements	8,893,783			8,893,783
Machinery and Equipment	619,337			619,337
Total Capital Assets Being Depreciated	<u>9,661,374</u>			<u>9,661,374</u>
Governmental Activities Capital Assets	<u>9,721,070</u>			<u>9,721,070</u>
Less Accumulated Depreciation for:				
Site Improvements	(123,029)	\$ (8,423)		(131,452)
Buildings and Building Improvements	(2,534,923)	(212,312)		(2,747,235)
Machinery and Equipment	(469,953)	(24,247)		(494,200)
	<u>(3,127,905)</u>	<u>(244,982)</u>		<u>(3,372,887)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,593,165</u>	<u>\$ (244,982)</u>	<u>\$ -0-</u>	<u>\$ 6,348,183</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 55,290			\$ 55,290
Less Accumulated Depreciation	(48,809)	\$ (2,704)		(51,513)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,481</u>	<u>\$ (2,704)</u>	<u>\$ -0-</u>	<u>\$ 3,777</u>

The District had active unexpended construction projects balances totaling \$441,313 as of June 30, 2012. The District had no outstanding construction encumbrances as of June 30, 2012.

The District revalued capital assets during the year resulting in the restated beginning balances as of June 30, 2011 as noted above. Additional information on the restated beginning capital assets balances is included in Note 17 to the Basic Financial Statements.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 228,498
Student and Instruction Related Services	1,251
General Administration	1,434
School Administration	3,526
Plant Operations and Maintenance	<u>10,273</u>
	<u>\$ 244,982</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District made no transfers to the capital outlay accounts.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2011</u>	<u>Accrued</u>	<u>Retired/ Matured</u>	<u>Balance</u> <u>6/30/2012</u>
Serial Bonds Payable	\$ 1,753,000		\$ 125,000	\$ 1,628,000
Compensated Absences Payable	85,350	\$ 12,240	480	97,110
	<u>\$ 1,838,350</u>	<u>\$ 12,240</u>	<u>\$ 125,480</u>	<u>\$ 1,725,110</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2012 as follows:

<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
03/01/2022	4.50%-5.00%	<u>\$ 1,628,000</u>

Principal and interest due on the District's serial bonds outstanding is as follows:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 130,000	\$ 78,150	\$ 208,150
2014	135,000	72,300	207,300
2015	145,000	66,090	211,090
2016	150,000	59,275	209,275
2017	155,000	52,150	207,150
Thereafter:			
2018-2022	<u>913,000</u>	<u>139,457</u>	<u>1,052,457</u>
	<u>\$ 1,628,000</u>	<u>\$ 467,422</u>	<u>\$ 2,095,422</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

As of June 30, 2012, the Board had no capital leases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. There is no current portion of the compensated absences balance of the governmental funds; therefore, the entire \$97,110 balance of compensated absences is reported as a long-term liability.

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 Proprietary Funds.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during the years of creditable service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, NJ, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the TPAF and PERS. The actuarially determined employer contribution includes funding for cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. Employee contributions for DCRP are based on a percentage of 5.50% of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

District contributions to PERS amounted to \$45,949, \$34,082 and \$34,405 for 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010, the State of New Jersey contributed \$64,071, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

Employee contributions to the DCRP for the fiscal years ended June 30, 2012, 2011 and 2010 were \$5,544 and \$2,923 and \$31, respectively. Employer contributions to the DCRP for the fiscal years ended June 30, 2012, 2011 and 2010 were \$3,030, \$1,632 and \$17, respectively.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees receiving 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 benefits 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 attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members for Fiscal Year 2011.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$128,799, \$136,078 and \$122,728 for 2012, 2011 and 2010, respectively.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State Employees' Health Benefit Plan

The Mine Hill Township School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides worker's compensation, general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The audit report for the fiscal year ended June 30, 2012 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2011 is as follows:

	<u>School Alliance Insurance Fund (SAIF)</u>
Total Assets	\$ 36,448,099
Net Assets	\$ 12,502,179
Total Revenue	\$ 29,577,140
Total Expenses	\$ 28,589,235
Net Assets Distribution to Participating Members	\$ 1,223,485
Change in Net Assets for the Year Ended June 30	\$ (235,580)

Financial statements for the Fund are available at the Fund's Executive Directors' Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 40,000	\$ 67	\$ -0-	\$ 45,682	\$ 54,693
2010-2011	11,717	71	-0-	51,480	60,308
2009-2010	20,939	16	-0-	73,704	100,000

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 115,767	\$ 6,429
Special Revenue Fund		36,187
Proprietary Fund - Food Service		470
Fiduciary Fund:		
Student Activity		5,000
Payroll Agency		74,110
Unemployment Compensation Trust	6,429	
	<u>\$ 122,196</u>	<u>\$ 122,196</u>

The interfund balances payable in the General, Proprietary and Student Activity Funds represent the balance of prior year interfunds not cleared at June 30, 2012. The Special Revenue Fund owes the General Fund \$36,187 for an interfund loan advanced for grant expenditures for which grant revenue has not been received as of June 30, 2012. The Payroll Agency Fund owes the General Fund \$74,110 comprised of interest, employee health benefits contribution deductions and the balance of the prior year interfund as of June 30, 2012.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees deferred compensation plans 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:

AXA Equitable Life Insurance Company
Lincoln Investment Planning
Metropolitan Life Resources

NOTE 15. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 16. CONTINGENCIES

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business, including issues regarding special education. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federally and state assisted grant programs. These 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 of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances

At June 30, 2012, there was \$17,402 of encumbrances in the General Fund Governmental Fund. All of the governmental funds are considered to be major funds.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 17. PRIOR PERIOD ADJUSTMENTS

The District adjusted the capital assets in its governmental activities and business-type activities as of June 30, 2011, as an updated appraisal of the District's capital assets was performed during the year. The District also adjusted the classification of net assets in its governmental activities and adjusted deferred revenue in its business-type activities as of June 30, 2011. As a result, the District's financial statements as of June 30, 2011 have been restated as follows below and on the following page:

	Balance 6/30/2011 as Previously Reported	Retroactive Adjustments	Balance 6/30/2011 Restated
<u>Statement of Net Assets - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Sites (Land) and Construction in Progress	\$ 1,024,051	\$ (964,355)	\$ 59,696
Depreciable Buildings and Building Improvements and Machinery and Equipment	6,747,999	(214,530)	6,533,469
Total Assets	8,572,893	(1,178,885)	7,394,008
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,019,050	(1,178,885)	4,840,165
Restricted	488,398	(270,785)	217,613
Unrestricted	191,450	270,785	462,235
Total Net Assets	6,698,898	(1,178,885)	5,520,013
<u>Statement of Net Assets - Business-Type Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	\$ -0-	\$ 6,481	\$ 6,481
Total Assets	39,034	6,481	45,515
Liabilities:			
Deferred Revenue	-0-	701	701
Total Liabilities	22,813	701	23,514
Net Assets:			
Invested in Capital Assets, Net of Related Debt	-0-	6,481	6,481
Unrestricted	16,221	(701)	15,520
Total Net Assets	16,221	5,780	22,001

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 17. PRIOR PERIOD ADJUSTMENTS (Cont'd)

	<u>Balance 6/30/2011 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/2011 Restated</u>
<u>Balance Sheet - Governmental Funds:</u>			
Fund Balances:			
Restricted	\$ 488,398	\$ (270,785)	\$ 217,613
Committed	-0-	270,785	270,785
Total Fund Balances	712,922	-0-	712,922
 <u>Statement of Net Assets - Proprietary Funds:</u>			
Assets:			
Non-Current Assets:			
Capital Assets	\$ 48,692	\$ 6,598	\$ 55,290
Less: Accumulated Depreciation	(48,692)	(117)	(48,809)
Total Assets	39,034	6,481	45,515
Liabilities:			
Current Liabilities:			
Deferred Revenue	-0-	701	701
Total Liabilities	22,813	701	23,514
Net Assets:			
Investment in Capital Assets, Net of Related Debt	-0-	6,481	6,481
Unrestricted	16,221	(701)	15,520
Total Net Assets	16,221	5,780	22,001

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,836,996		\$ 5,836,996	\$ 5,836,996	
Tuition				42,721	\$ 42,721
Interest Earned on Capital Reserve Funds	500		500	50	(450)
Miscellaneous	45,000		45,000	34,139	(10,861)
Total - Local Sources	<u>5,882,496</u>		<u>5,882,496</u>	<u>5,913,906</u>	<u>31,410</u>
State Sources:					
School Choice Aid	670,364	\$ 335,182	1,005,546	1,005,546	
Special Education Categorical Aid	323,322		323,322	323,322	
Equalization Aid	1,112,879	47,615	1,160,494	1,160,494	
Security Aid		34,260	34,260	34,260	
Extraordinary Special Education Costs Aid				144,011	144,011
Nonpublic School Transportation Costs				4,646	4,646
On-Behalf TPAF Contributions:					
Post Retirement Medical (Non-Budgeted)				128,799	128,799
Pension (Non-Budgeted)				64,071	64,071
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				137,795	137,795
Total State Sources	<u>2,106,565</u>	<u>417,057</u>	<u>2,523,622</u>	<u>3,002,944</u>	<u>479,322</u>
Federal Sources:					
Education Jobs Fund	77,203	2,419	79,622	79,622	
Total Federal Sources	<u>77,203</u>	<u>2,419</u>	<u>79,622</u>	<u>79,622</u>	
TOTAL REVENUES	<u>8,066,264</u>	<u>419,476</u>	<u>8,485,740</u>	<u>8,996,472</u>	<u>510,732</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 154,012	\$ 58,655	\$ 212,667	\$ 211,911	\$ 756
Grades 1-5 - Salaries of Teachers	1,178,849	(51,969)	1,126,880	1,095,544	31,336
Grades 6-8 - Salaries of Teachers	127,652	65,192	192,844	192,129	715
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	(1,500)	500		500
Purchased Professional - Educational Services	3,920	(1,826)	2,094	2,094	
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	28,182	(21,475)	6,707	6,707	
Other Purchased Services (400-500 series)	18,678	25	18,703	18,703	
General Supplies	112,200	209	112,409	110,670	1,739
Textbooks	34,302	(34,225)	77		77
Other Objects	2,930	(1,190)	1,740		1,740
Total Regular Programs - Instruction	1,662,725	11,896	1,674,621	1,637,758	36,863
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	58,350	448	58,798	58,798	
Other Salaries for Instruction		600	600	530	70
General Supplies	1,090	226	1,316	1,316	
Total Learning and/or Language Disabilities	59,440	1,274	60,714	60,644	70
Behavioral Disabilities:					
Salaries of Teachers		50,630	50,630	50,590	40
Other Salaries for Instruction		43,844	43,844	43,409	435
General Supplies		2,330	2,330	2,330	
Total Behavioral Disabilities		96,804	96,804	96,329	475

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 267,411	\$ (2,618)	\$ 264,793	\$ 264,793	
Other Salaries for Instruction	98,493	5,395	103,888	102,430	\$ 1,458
General Supplies	1,286	2,208	3,494	3,494	
Total Resource Room/Resource Center	<u>367,190</u>	<u>4,985</u>	<u>372,175</u>	<u>370,717</u>	<u>1,458</u>
Total Special Education Instruction	<u>426,630</u>	<u>103,063</u>	<u>529,693</u>	<u>527,690</u>	<u>2,003</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	13,572	3,127	16,699	16,699	
General Supplies	500	1,201	1,701	1,701	
Total Basic Skills/Remedial - Instruction	<u>14,072</u>	<u>4,328</u>	<u>18,400</u>	<u>18,400</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	8,000		8,000	8,000	
Other Purchased Services (400-500 series)	500	(226)	274		274
Total Bilingual Education - Instruction	<u>8,500</u>	<u>(226)</u>	<u>8,274</u>	<u>8,000</u>	<u>274</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	3,146	26,427	29,573	29,573	
Supplies and Materials	735	(735)			
Total School-Sponsored Cocurricular Activities - Instruction	<u>3,881</u>	<u>25,692</u>	<u>29,573</u>	<u>29,573</u>	
Before/After School Programs - Instruction:					
Salaries of Teachers	9,037	(9,037)			
Total Before/After School Programs - Instruction	<u>9,037</u>	<u>(9,037)</u>			

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Summer School - Instruction:					
Salaries of Teachers	\$ 13,144	\$ (4,335)	\$ 8,809	\$ 8,809	
General Supplies	1,000	(1,000)			
Total Summer School - Instruction	<u>14,144</u>	<u>(5,335)</u>	<u>8,809</u>	<u>8,809</u>	
Total Instruction	<u>2,138,989</u>	<u>130,381</u>	<u>2,269,370</u>	<u>2,230,230</u>	<u>\$ 39,140</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	2,101,574	335,182	2,436,756	2,427,859	8,897
Tuition to Other LEAs Within the State - Special	849,022	(293,017)	556,005	554,680	1,325
Tuition to County Vocational Schools - Regular	136,740	58,342	195,082	195,082	
Tuition to County Special Services Schools and Regional Day Schools	61,000	25,964	86,964	85,140	1,824
Tuition to Private Schools for the Disabled - Within the State	360,766	115,566	476,332	474,665	1,667
Total Undistributed Expenditures - Instruction	<u>3,509,102</u>	<u>242,037</u>	<u>3,751,139</u>	<u>3,737,426</u>	<u>13,713</u>
Attendance and Social Work Services:					
Salaries	1,634	88	1,722	1,722	
Purchased Professional and Technical Services	2,000	(161)	1,839	154	1,685
Total Attendance and Social Work Services	<u>3,634</u>	<u>(73)</u>	<u>3,561</u>	<u>1,876</u>	<u>1,685</u>
Health Services:					
Salaries	49,900	2,677	52,577	52,577	
Purchased Professional and Technical Services	5,969	(272)	5,697	5,697	
Supplies and Materials	3,751	(724)	3,027	3,027	
Other Objects	390	(389)	1		1
Total Health Services	<u>60,010</u>	<u>1,292</u>	<u>61,302</u>	<u>61,301</u>	<u>1</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	\$ 158,053	\$ 957	\$ 159,010	\$ 158,459	\$ 551
Supplies and Materials	2,157	(1,087)	1,070	1,070	
Total Other Support Services - Speech, OT, PT and Related Services	160,210	(130)	160,080	159,529	551
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services		7,000	7,000	5,499	1,501
Supplies and Materials		430	430	390	40
Total Other Support Services - Students - Extraordinary Services		7,430	7,430	5,889	1,541
Other Support Services - Guidance:					
Salaries of Other Professional Staff	61,856	(6,473)	55,383	55,382	1
Purchased Professional and Technical Services	1,602	(1,602)			
Supplies and Materials	5,520	3,450	8,970	8,795	175
Other Objects	500	(500)			
Total Other Support Services - Guidance	69,478	(5,125)	64,353	64,177	176
Other Support Services - Child Study Teams:					
Salaries of Secretarial and Clerical Assistants	10,895	2,693	13,588	13,588	
Purchased Professional - Educational Services	106,970	42,495	149,465	133,830	15,635
Other Purchased Professional and Technical Services	436	(218)	218		218
Miscellaneous Purchased Services (400-500 series)	100		100		100
Supplies and Materials	1,555	5,411	6,966	6,966	
Other Objects	1,906	(1,906)			
Total Other Support Services - Child Study Teams	121,862	48,475	170,337	154,384	15,953

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media Services/School Library:					
Salaries	\$ 29,306	\$ 5,196	\$ 34,502	\$ 34,412	\$ 90
Salaries of Technology Coordinators	3,000	(3,000)			
Other Purchased Services (400-500 series)	7,250	(1,804)	5,446	5,176	270
Supplies and Materials	3,500	422	3,922	3,922	
Other Objects	500	(484)	16	16	
	<u>43,556</u>	<u>330</u>	<u>43,886</u>	<u>43,526</u>	<u>360</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services:					
Purchased Professional - Educational Services		5,450	5,450	5,355	95
Other Purchased Services (400-500 series)		1,125	1,125	963	162
Supplies and Materials		170	170	170	
Other Objects		1,998	1,998	1,959	39
		<u>8,743</u>	<u>8,743</u>	<u>8,447</u>	<u>296</u>
Total Instructional Staff Training Services					
Support Services - General Administration:					
Salaries	42,977	(497)	42,480	42,204	276
Legal Services	45,000	(5,294)	39,706	38,299	1,407
Audit Fees	12,200		12,200	12,200	
Architectural/Engineering Services		245	245	245	
Other Purchased Professional Services	3,990	4,100	8,090	8,090	
Purchased Technical Services	77,595	(12,818)	64,777	63,795	982
Communications/Telephone	11,349	7,593	18,942	17,490	1,452
BOE Other Purchased Services	1,715		1,715	1,369	346
Miscellaneous Purchased Services (400-500 series)	23,745	(4,204)	19,541	19,054	487
General Supplies	4,323	1,997	6,320	4,627	1,693
BOE In-House Training/Meeting Supplies	500		500	92	408
Miscellaneous Expenditures	2,265	2,478	4,743	4,721	22
BOE Membership Dues and Fees	6,650		6,650	5,162	1,488
	<u>232,309</u>	<u>(6,400)</u>	<u>225,909</u>	<u>217,348</u>	<u>8,561</u>
Total Support Services - General Administration					

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 104,828	\$ 1	\$ 104,829	\$ 104,828	\$ 1
Salaries of Other Professional Staff	2,000	(2,000)			
Salaries of Secretarial and Clerical Assistants	45,060	(2,175)	42,885	42,885	
Other Purchased Services (400-500 series)	1,271	150	1,421	1,404	17
Supplies and Materials	10,772	1,415	12,187	12,187	
Other Objects	3,503	(1,615)	1,888	1,877	11
Total Support Services - School Administration	<u>167,434</u>	<u>(4,224)</u>	<u>163,210</u>	<u>163,181</u>	<u>29</u>
Central Services:					
Salaries	46,039	64,322	110,361	110,283	78
Purchased Professional Services	71,400	(63,715)	7,685	7,601	84
Purchased Technical Services	7,747	10,465	18,212	17,768	444
Miscellaneous Purchased Services (400-500 series)	7,590	(997)	6,593	6,566	27
Supplies and Materials	2,325	5,208	7,533	7,533	
Miscellaneous Expenditures	2,378	(558)	1,820	1,645	175
Total Central Services	<u>137,479</u>	<u>14,725</u>	<u>152,204</u>	<u>151,396</u>	<u>808</u>
Required Maintenance for School Facilities:					
Salaries	45,900	3,504	49,404	49,404	
Cleaning, Repair and Maintenance Services	44,981	19,600	64,581	50,247	14,334
General Supplies	9,556	1,500	11,056	10,542	514
Total Required Maintenance for School Facilities	<u>100,437</u>	<u>24,604</u>	<u>125,041</u>	<u>110,193</u>	<u>14,848</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Custodial Services:					
Salaries	\$ 82,130	\$ 18,352	\$ 100,482	\$ 97,859	\$ 2,623
Salaries of Non-Instructional Aides	19,083	(19,083)			
Purchased Professional and Technical Services	17,500	(9,068)	8,432	8,382	50
Cleaning, Repair and Maintenance Services	14,400	7,000	21,400	17,625	3,775
Rental of Land and Buildings Other than Lease Purchase Agreement	4,000	(4,000)			
Other Purchased Property Services	23,497	(18,723)	4,774	4,700	74
Insurance	19,160	(1,907)	17,253	17,253	
Miscellaneous Purchased Services	2,785	(1,300)	1,485		1,485
General Supplies	9,214	2,000	11,214	8,675	2,539
Energy (Natural Gas)	65,517	(32,807)	32,710	29,626	3,084
Energy (Electricity)	106,400	(41,280)	65,120	65,120	
Energy (Gasoline)	1,000	(1,000)			
Other Objects	1,000		1,000	205	795
Total Custodial Services	365,686	(101,816)	263,870	249,445	14,425
Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	13,236		13,236	4,441	8,795
Total Care & Upkeep of Grounds	13,236		13,236	4,441	8,795
Security:					
Cleaning, Repair and Maintenance Services		7,423	7,423	7,423	
Total Security		7,423	7,423	7,423	

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 3,713	\$ (2,166)	\$ 1,547	\$ 1,547	
Salaries for Pupil Transportation:					
Between Home and School - Special		3,713	3,713	2,737	\$ 976
Management Fee - ESC & CTSA Transportation Program	18,946		18,946	18,946	
Contracted Services:					
Other Than Between Home and School - Vendors	10,000	(5,000)	5,000	410	4,590
Special Education Students - Vendors	7,000	(325)	6,675	5,184	1,491
Regular Students - ESCs & CTSA	258,207	1,241	259,448	244,249	15,199
Special Education Students - ESCs & CTSA	264,881	(14,670)	250,211	223,823	26,388
Aid in Lieu - Nonpublic Students	24,924	6,754	31,678	26,385	5,293
Total Student Transportation Services	587,671	(10,453)	577,218	523,281	53,937
Unallocated Benefits:					
Social Security Contributions	40,215	25,000	65,215	63,164	2,051
Other Retirement Contributions - Regular	34,400	14,999	49,399	48,979	420
Unemployment Compensation	55,732	(15,000)	40,732	40,000	732
Workmen's Compensation	30,250	2,091	32,341	26,284	6,057
Health Benefits	375,008	44,410	419,418	378,072	41,346
Tuition Reimbursement	19,562	(3,949)	15,613	7,083	8,530
Other Employee Benefits	26,500	(13,370)	13,130	6,044	7,086
Total Unallocated Benefits	581,667	54,181	635,848	569,626	66,222
On-Behalf TPAF Contributions:					
Post Retirement Medical (non-budgeted)				128,799	(128,799)
Pension (non-budgeted)				64,071	(64,071)
Reimbursed TPAF Social Security Contributions (non-budgeted)				137,795	(137,795)
Total On-Behalf and Reimbursed Contributions				330,665	(330,665)
Total Personal Services - Employee Benefits	581,667	54,181	635,848	900,291	(264,443)

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenses	\$ 6,153,771	\$ 281,019	\$ 6,434,790	\$ 6,563,554	\$ (128,764)
TOTAL GENERAL CURRENT EXPENSE	8,292,760	411,400	8,704,160	8,793,784	(89,624)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	8,613		8,613	8,613	
Total Facilities Acquisition and Construction Services	8,613		8,613	8,613	
TOTAL CAPITAL OUTLAY	8,613		8,613	8,613	
Transfer of Funds to Charter Schools		8,076	8,076	8,075	1
TOTAL EXPENDITURES	8,301,373	419,476	8,720,849	8,810,472	(89,623)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(235,109)	-0-	(235,109)	186,000	421,109
Fund Balance, July 1	712,922		712,922	712,922	
Fund Balance, June 30	\$ 477,813	\$ -0-	\$ 477,813	\$ 898,922	\$ 421,109
Recapitulation:					
Restricted:					
Capital Reserve				\$ 357,863	
Maintenance Reserve				125,000	
Assigned - Year-End Encumbrances				17,402	
Unassigned				398,657	
				<u>898,922</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				(300,929)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 597,993</u>	

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 224,547	\$ 67,991	\$ 292,538	\$ 206,979	\$ (85,559)
Total Revenues	224,547	67,991	292,538	206,979	(85,559)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	34,288	43,552	77,840	37,705	40,135
Tuition	128,825	7,853	136,678	136,678	
Other Purchased Services		10,459	10,459		10,459
General Supplies		34,390	34,390	12,176	22,214
Total Instruction	163,113	96,254	259,367	186,559	72,808
Support Services					
Personal Services - Salaries	45,000	(23,190)	21,810	12,174	9,636
Personal Services - Employee Benefits		599	599	599	
Other Purchased Services		3,810	3,810	3,810	
Supplies and Materials	16,434	(9,482)	6,952	3,837	3,115
Total Support Services	61,434	(28,263)	33,171	20,420	12,751
Total Expenditures	224,547	67,991	292,538	206,979	85,559
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MINE HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,996,472	\$ 206,979
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	190,584	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(300,929)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,886,127</u>	<u>\$ 206,979</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 8,810,472</u>	<u>\$ 206,979</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,810,472</u>	<u>\$ 206,979</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

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

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

The General and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MINE HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	No Child Left Behind		IDEA Part B Basic		Race to the Top Phase 3	Totals June 30, 2012
	Title I	Title II	Regular	Preschool		
REVENUE:						
Federal Sources	\$ 56,398	\$ 7,222	\$ 132,971	\$ 3,707	\$ 6,681	\$ 206,979
Total Revenue	\$ 56,398	\$ 7,222	\$ 132,971	\$ 3,707	\$ 6,681	\$ 206,979
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	\$ 37,705					\$ 37,705
Tuition			\$ 132,971	\$ 3,707		136,678
General Supplies	12,176					12,176
Total Instruction	49,881		132,971	3,707		186,559
Support Services:						
Personal Services - Salaries	5,484	\$ 608			\$ 6,082	12,174
Personal Services - Employee Benefits					599	599
Other Purchased Services		3,810				3,810
Supplies and Materials	1,033	2,804				3,837
Total Support Services	6,517	7,222			6,681	20,420
Total Expenditures	\$ 56,398	\$ 7,222	\$ 132,971	\$ 3,707	\$ 6,681	\$ 206,979

CAPITAL PROJECTS FUND

Exhibit F-1

MINE HILL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total Revenue and Other Financing Sources	\$ -0-
Total Expenditures and Other Financing Uses	-0-
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-0-
Fund Balance - Beginning	441,313
Fund Balance - Ending	\$ 441,313
Recapitulation:	
Committed	\$ 441,313
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	(170,528)
Fund Balance per Governmental Funds (GAAP)	\$ 270,785

Exhibit F-1a

MINE HILL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATION OF FIRE ALARMS AND HVAC SYSTEM
DISTRICT-WIDE NETWORK INFRASTRUCTURE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 224,001		\$ 224,001	\$ 224,001
Transfer from Capital Reserve	18,521		18,521	18,521
Transfer from Capital Outlay	317,480		317,480	317,480
Total Revenue and Other Financing Sources	560,002	\$ -0-	560,002	560,002
Expenditures:				
Purchased Professional and Technical Services	133,683		133,683	183,683
Construction Services				356,319
Other Objects				20,000
Total Expenditures	133,683	-0-	133,683	560,002
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 426,319	\$ -0-	\$ 426,319	\$ -0-
Additional Project Information:				
Project Number	3240-030-09-1001			
Grant Date	June 29, 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 560,002			
Change Orders	\$ -0-			
Revised Authorized Cost	\$ 560,002			
Change Order Percentage	0.00%			
Percentage Completion	23.87%			
Original Target Completion Date	09/01/2011			
Revised Target Completion Date	09/01/2011			

Exhibit F-1b

BOROUGH OF MADISON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATION OF CLASSROOMS AND BATHROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SCC Grant	\$ 138,520		\$ 138,520	\$ 138,520
Transfer from Capital Reserve	186,479		186,479	186,479
Transfer from Capital Outlay	36,294		36,294	36,294
Total Revenue and Other Financing Sources	\$ 361,293	\$ -0-	361,293	361,293
Expenditures:				
Purchased Professional and Technical Services	32,534		32,534	35,000
Construction Services	313,765		313,765	323,293
Other Objects				3,000
Total Expenditures	346,299	-0-	346,299	361,293
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 14,994</u>	<u>\$ -0-</u>	<u>\$ 14,994</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3240-030-09-1002
Grant Date	June 29, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 368,781
Change Orders	\$ (7,488)
Revised Authorized Cost	\$ 361,293
Change Order Percentage	-2.03%
Percentage Completion	95.85%
Original Target Completion Date	09/01/2010
Revised Target Completion Date	09/01/2010

PROPRIETARY FUNDS

Exhibit G-1

MINE HILL TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 17,038
Receivables from State Government	256
Receivables from Federal Government	7,562
Inventories	1,611
	<hr/>

Total Current Assets

26,467

Non-Current Assets:

Capital Assets	55,290
Less: Accumulated Depreciation	(51,513)
	<hr/>

Total Non-Current Assets

3,777

Total Assets

30,244

LIABILITIES:

Current Liabilities:

Interfund Payable - General Fund	470
Accounts Payable - Vendors	45
	<hr/>

Total Current Liabilities

515

Total Liabilities

515

NET ASSETS:

Investment in Capital Assets, Net of Related Debt	3,777
Unrestricted	25,952
	<hr/>

Total Net Assets

\$ 29,729

Exhibit G-2

MINE HILL TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Breakfast Program	\$ 2,444
School Lunch Program	55,132
Special Milk Program	864
Total Daily Sales - Reimbursable Programs	<u>58,440</u>
Daily Sales - Non-Reimbursable Programs	<u>38,762</u>
Total Operating Revenue	<u>97,202</u>
Operating Expenses:	
Cost of Sales	73,181
Salaries	41,721
Payroll Taxes	6,250
Employee Benefits	4,328
Purchased Property Services	13,176
Supplies and Materials	8,349
Depreciation Expense	<u>2,704</u>
Total Operating Expenses	<u>149,709</u>
Operating Loss	<u>(52,507)</u>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	1,531
Federal Sources:	
Special Milk Program	623
School Breakfast Program	5,628
National School Lunch Program	39,434
Food Distribution Program	12,962
Local Sources:	
Interest Revenue	<u>57</u>
Total Non-Operating Revenue	<u>60,235</u>
Change in Net Assets	7,728
Net Assets - Beginning of Year (Restated)	<u>22,001</u>
Net Assets - End of Year	<u>\$ 29,729</u>

Exhibit G-3

MINE HILL TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 82,945
Payments to Food Service Vendor	(140,340)
Payments to Suppliers	<u>(2,246)</u>
Net Cash Used for Operating Activities	<u>(59,641)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,753
Federal Sources	<u>51,319</u>
Net Cash Provided by Noncapital Financing Activities	<u>53,072</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>57</u>
Net Cash Provided by Investing Activities	<u>57</u>
Net Decrease in Cash and Cash Equivalents	(6,512)
Cash and Cash Equivalents, July 1	<u>23,550</u>
Cash and Cash Equivalents, June 30	<u>\$ 17,038</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (52,507)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,704
Federal Food Distribution Program	12,962
Changes in Assets and Liabilities:	
Decrease in Inventories	200
Decrease in Interfund Payable	(13,556)
Decrease in Accounts Payable	(8,743)
Decrease in Deferred Revenue	<u>(701)</u>
Net Cash Used for Operating Activities	<u>\$ (59,641)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$12,261 and \$12,962, respectively, for the fiscal year ended June 30, 2012.

FIDUCIARY FUNDS

Exhibit H-1

MINE HILL TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Agency</u>		<u>Total</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>		
ASSETS:				
Cash and Cash Equivalents	\$ 14,063	\$ 57,130	\$ 71,193	\$ 48,264
Interfund Receivable - General Fund				6,429
Receivables from State Government		25,924	25,924	
Total Assets	14,063	83,054	97,117	54,693
LIABILITIES:				
Interfund Payable - General Fund	5,000	74,110	79,110	
Payroll Deductions and Withholdings		8,944	8,944	
Due to Student Groups	9,063		9,063	
Total Liabilities	14,063	83,054	97,117	
NET ASSETS:				
Held in Trust for Unemployment Claims				54,693
Total Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ 54,693

Exhibit H-2

MINE HILL TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employer	\$ 40,000
Total Contributions	<u>40,000</u>
Investment Earnings:	
Interest	<u>67</u>
Net Investment Earnings	<u>67</u>
Total Additions	<u>40,067</u>
DEDUCTIONS:	
Quarterly Contribution Reports and Unemployment Claims	<u>45,682</u>
Total Deductions	<u>45,682</u>
Change in Net Assets	(5,615)
Net Assets - Beginning of the Year	<u>60,308</u>
Net Assets - End of the Year	<u>\$ 54,693</u>

MINE HILL TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED 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>
ASSETS:				
Cash and Cash Equivalents	\$ 19,009	\$ 23,980	\$ 28,926	\$ 14,063
Total Assets	<u>\$ 19,009</u>	<u>\$ 23,980</u>	<u>\$ 28,926</u>	<u>\$ 14,063</u>
 LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 14,009	\$ 23,980	\$ 28,926	\$ 9,063
Interfund Payable	<u>5,000</u>	<u> </u>	<u> </u>	<u>5,000</u>
Total Liabilities	<u>\$ 19,009</u>	<u>\$ 23,980</u>	<u>\$ 28,926</u>	<u>\$ 14,063</u>

Exhibit H-4

MINE HILL TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Elementary Schools:				
Canfield Avenue	\$ 13,067	\$ 23,978	\$ 28,891	\$ 8,154
Educational Media Center	942	2	35	909
Total All Schools/Funds	<u>\$ 14,009</u>	<u>\$ 23,980</u>	<u>\$ 28,926</u>	<u>\$ 9,063</u>

Exhibit H-5

MINE HILL TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED 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>
ASSETS:				
Cash and Cash Equivalents	\$ 83,450	\$ 2,966,113	\$ 2,992,433	\$ 57,130
Interfund Receivable - General Fund	66	(66)		
Receivables from State Government			(25,924)	25,924
Total Assets	<u>\$ 83,516</u>	<u>\$ 2,966,047</u>	<u>\$ 2,966,509</u>	<u>\$ 83,054</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 9,236	\$ 2,950,523	\$ 2,950,815	\$ 8,944
Interfund Payable - General Fund	74,280	15,524	15,694	74,110
Total Liabilities	<u>\$ 83,516</u>	<u>\$ 2,966,047</u>	<u>\$ 2,966,509</u>	<u>\$ 83,054</u>

LONG-TERM DEBT

MINE HILL TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2011	Retired/ Matured	Balance June 30, 2012
			Date	Amount				
Various School Improvements	03/01/01	\$ 2,633,000	03/01/13	\$ 130,000	4.500%			
			03/01/14	135,000	4.600%			
			03/01/15	145,000	4.700%			
			03/01/16	150,000	4.750%			
			03/01/17	155,000	4.750%			
			03/01/18	165,000	4.750%			
			03/01/19	175,000	4.875%			
			03/01/20	185,000	4.875%			
			03/01/21	190,000	5.000%			
			03/01/22	198,000	5.000%			
						\$ 1,753,000	\$ 125,000	\$ 1,628,000
						<u>\$ 1,753,000</u>	<u>\$ 125,000</u>	<u>\$ 1,628,000</u>

Exhibit I-2

MINE HILL TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

Exhibit I-3

MINE HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 208,775		\$ 208,775	\$ 208,775	
Total Revenues	<u>208,775</u>		<u>208,775</u>	<u>208,775</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	83,775		83,775	83,775	
Redemption of Principal	125,000		125,000	125,000	
Total Regular Debt Service	<u>208,775</u>		<u>208,775</u>	<u>208,775</u>	
Total Expenditures	<u>208,775</u>		<u>208,775</u>	<u>208,775</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011 (Restated)	2012
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 1,765,007	\$ 1,807,257	\$ 1,770,092	\$ 1,736,455	\$ 1,837,904	\$ 2,231,711	\$ 6,010,886	\$ 4,840,165	\$ 4,720,183
Restricted	636,755	632,940	469,995	269,392	470,819	460,537	728,535	217,613	482,863
Unrestricted/(Deficit)	31,192	(3,895)	45,936	97,668	140,536	(23,351)	(73,248)	462,235	262,755
Total governmental activities net assets	\$ 2,432,954	\$ 2,436,302	\$ 2,286,023	\$ 2,103,515	\$ 2,449,259	\$ 2,668,897	\$ 6,666,173	\$ 5,520,013	\$ 5,465,801
Business-type Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 30,834	\$ 25,227	\$ 19,621	\$ 12,173	\$ 7,304	\$ 2,435		\$ 6,481	\$ 3,777
Unrestricted	19,651	16,243	10,300	5,778	7,850	15,286	\$ 17,424	15,520	25,952
Total business-type activities net assets	\$ 50,485	\$ 41,470	\$ 29,921	\$ 17,951	\$ 15,154	\$ 17,721	\$ 17,424	\$ 22,001	\$ 29,729
District-wide:									
Invested in Capital Assets, Net of Related Debt	\$ 1,795,841	\$ 1,832,484	\$ 1,789,713	\$ 1,748,628	\$ 1,845,208	\$ 2,234,146	\$ 6,010,886	\$ 4,846,646	\$ 4,723,960
Restricted	636,755	632,940	469,995	269,392	470,819	460,537	728,535	217,613	482,863
Unrestricted/(Deficit)	50,843	12,348	56,236	103,446	148,386	(8,065)	(55,824)	477,755	288,707
Total District Net Assets	\$ 2,483,439	\$ 2,477,772	\$ 2,315,944	\$ 2,121,466	\$ 2,464,413	\$ 2,686,618	\$ 6,683,597	\$ 5,542,014	\$ 5,495,530

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

MINE HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities:									
Instruction:									
Regular	\$ 2,110,444	\$ 2,199,563	\$ 2,199,310	\$ 2,378,350	\$ 2,437,301	\$ 2,481,856	\$ 2,409,777	\$ 2,292,887	\$ 2,401,705
Special Education	387,227	500,073	417,608	474,026	427,578	437,530	572,297	697,209	759,755
Other Special Instruction									35,044
Other Instruction	37,534	38,180	35,936	23,847	34,992	37,170	64,655	66,542	51,815
Support Services:									
Tuition	2,077,868	2,666,666	3,095,148	3,083,500	2,753,074	2,605,750	2,788,930	3,249,630	3,874,104
Student & Instruction Related Services	467,188	421,372	441,337	499,293	580,257	642,392	610,456	547,789	576,976
General Administrative Services	389,787	409,927	423,773	343,664	346,676	391,061	395,012	424,331	227,860
School Administrative Services	124,935	165,138	180,303	234,404	206,082	238,227	200,921	206,701	218,404
Central Services									174,726
Plant Operations and Maintenance	370,779	442,026	443,275	572,562	653,806	623,065	543,102	439,109	421,542
Pupil Transportation	321,797	386,124	481,630	515,798	550,023	557,788	516,820	528,155	524,187
Charter Schools	7,135			18,182	26,859	29,266			8,075
Interest on Long-term Debt	123,717	114,757	110,475	106,200	101,849	97,275	92,475	87,375	81,900
Payment of Notes		267,245							
Total Governmental Activities Expenses	6,418,411	7,611,071	7,828,795	8,249,826	8,118,497	8,141,380	8,194,445	8,539,728	9,356,093
Business-type Activities:									
Food Service	106,738	107,169	110,942	107,945	118,165	140,618	132,064	139,226	149,709
Total Business-type Activities Expenses	106,738	107,169	110,942	107,945	118,165	140,618	132,064	139,226	149,709
Total District Expenses	6,525,149	7,718,240	7,939,737	8,357,771	8,236,662	8,281,998	8,326,509	8,678,954	9,505,802
Program Revenues									
Governmental Activities:									
Charges for Services:									
Instruction - (Tuition)			46,038	24,126	68,644	19,425	7,714	9,543	42,721
Operating Grants and Contributions	893,578	908,952	987,895	1,101,083	1,147,063	794,207	789,407	1,046,026	1,082,773
Capital Grants and Contributions	266,400								
Total Governmental Activities Program Revenues	1,159,978	908,952	1,033,933	1,125,209	1,215,707	813,632	797,121	1,055,569	1,125,494

MINE HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues									
Business-type Activities:									
Charges for Services:									
Food Service	\$ 71,027	\$ 68,094	\$ 66,601	\$ 73,051	\$ 72,075	\$ 79,160	\$ 79,473	\$ 85,011	\$ 97,202
Operating Grants and Contributions	35,388	30,059	32,792	30,096	42,882	63,971	52,276	52,947	60,178
Total Business-type Activities Revenues	106,415	98,153	99,393	103,147	114,957	143,131	131,749	137,958	157,380
Total District Program Revenues	1,266,393	1,007,105	1,133,326	1,228,356	1,330,664	956,763	928,870	1,193,527	1,282,874
Net (Expense)/Revenue									
Governmental Activities	(5,258,433)	(6,702,119)	(6,794,862)	(7,124,617)	(6,902,790)	(7,327,748)	(7,397,324)	(7,484,159)	(8,230,599)
Business-type Activities	(323)	(9,016)	(11,549)	(4,798)	(3,208)	2,513	(315)	(1,268)	7,671
Total District-wide Net (Expense)/Revenue	(5,258,756)	(6,711,135)	(6,806,411)	(7,129,415)	(6,905,998)	(7,325,235)	(7,397,639)	(7,485,427)	(8,222,928)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	4,812,640	5,421,575	5,329,955	5,728,000	5,728,000	5,545,000	5,502,447	5,722,545	5,836,996
Taxes Levied for Debt Service	122,057	90,000	95,000	65,516	101,501	106,575	111,650	120,000	208,775
Unrestricted Grants and Contributions	1,001,633	1,157,679	1,114,134	1,051,581	1,098,573	1,774,655	2,387,167	1,622,348	2,096,427
Investment and Miscellaneous Income	25,295	36,214	105,495	97,013	320,460	121,156	146,800	51,991	34,189
Special Item-Adjustment to Fixed Assets Transfers							3,250,296	(3,760)	
Total Governmental Activities	5,961,625	6,705,468	6,644,584	6,942,110	7,248,534	7,547,386	11,394,600	7,516,884	8,176,387
Business-type Activities:									
Investment Earnings				198	412	55	19	65	57
Transfers				(7,369)					
Total Business-type Activities				(7,171)	412	55	19	65	57
Total District-wide	5,961,625	6,705,468	6,644,584	6,934,939	7,248,946	7,547,441	11,394,619	7,516,949	8,176,444
Change in Net Assets									
Governmental Activities	703,192	3,349	(150,278)	(182,507)	345,744	219,638	3,997,276	32,725	(54,212)
Business-type Activities	(323)	(9,016)	(11,549)	(11,969)	(2,796)	2,568	(296)	(1,203)	7,728
Total District	\$ 702,869	\$ (5,667)	\$ (161,827)	\$ (194,476)	\$ 342,948	\$ 222,206	\$ 3,996,980	\$ 31,522	\$ (46,484)

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-3

MINE HILL TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
General Fund:					
Reserved	\$ 382,144	\$ 449,917	\$ 422,734	\$ 303,843	\$ 506,694
Unreserved	106,752	262,859	182,023	189,368	217,376
Total General Fund	<u>\$ 488,896</u>	<u>\$ 712,776</u>	<u>\$ 604,757</u>	<u>\$ 493,211</u>	<u>\$ 724,070</u>
All Other Governmental Funds:					
Reserved	\$ 267,245				
Unreserved/(Deficit), Reported in:					
Capital Projects Fund					
Debt Service Fund	29,883	\$ 30,909	\$ 30,909		\$ (2,925)
Committed					
Total All Other Governmental Funds	<u>\$ 297,128</u>	<u>\$ 30,909</u>	<u>\$ 30,909</u>	<u>\$ -0-</u>	<u>\$ (2,925)</u>
Total Governmental Funds	<u>\$ 786,024</u>	<u>\$ 743,685</u>	<u>\$ 635,666</u>	<u>\$ 493,211</u>	<u>\$ 721,145</u>

	Fiscal Year Ending June 30,			
	2009	2010	2011 (Restated)	2012
General Fund:				
Reserved	\$ 471,723	\$ 446,254		
Unreserved	51,489	32,113		
Restricted			\$ 217,613	\$ 482,863
Assigned				17,402
Unassigned			304,725	97,728
Total General Fund	<u>\$ 523,212</u>	<u>\$ 478,367</u>	<u>\$ 522,338</u>	<u>\$ 597,993</u>
All Other Governmental Funds:				
Reserved	\$ 20,188			
Unreserved/(Deficit), Reported in:				
Capital Projects Fund		\$ 270,785		
Debt Service Fund				
Committed			\$ 270,785	\$ 270,785
Total All Other Governmental Funds	<u>\$ 20,188</u>	<u>\$ 270,785</u>	<u>\$ 270,785</u>	<u>\$ 270,785</u>
Total Governmental Funds	<u>\$ 543,400</u>	<u>\$ 749,152</u>	<u>\$ 793,123</u>	<u>\$ 868,778</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

MINE HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Tax Levy	\$ 5,058,414	\$ 5,632,575	\$ 5,536,855	\$ 5,899,716	\$ 5,931,350	\$ 5,748,850	\$ 5,706,572	\$ 5,931,720	\$ 6,045,771
Tuition Charges			46,038	24,126	68,644	19,425	7,714	9,543	42,721
Interest Earned on Capital Reserve									50
Miscellaneous	25,295	36,214	105,495	97,013	320,460	121,156	146,800	51,991	34,139
State Sources	1,857,192	1,772,714	1,821,172	1,880,203	1,986,201	2,308,847	2,496,554	2,371,201	2,892,599
Federal Sources	180,702	172,917	168,956	166,260	157,585	162,740	587,546	207,999	286,601
Total Revenues	7,121,603	7,614,420	7,678,516	8,067,318	8,464,240	8,361,018	8,945,186	8,572,454	9,301,881
Expenditures									
Instruction:									
Regular Instruction	1,627,652	1,774,411	1,622,387	1,737,580	1,762,334	1,818,650	1,797,660	1,699,401	1,637,758
Special Education Instruction	295,316	299,866	327,599	361,902	323,899	344,013	437,380	566,464	577,571
Other Special Instruction									26,400
Other Instruction	29,652	30,154	26,700	17,652	21,129	23,613	51,079	53,307	38,382
Support Services:									
Tuition	2,077,868	2,666,666	3095148	3,083,500	2,753,074	2,605,750	2,788,930	3,249,630	3,874,104
Student & Instruction Related Services	422,232	375,891	383,218	431,918	503,622	558,795	534,192	474,775	519,549
General Administrative Services	339,795	376,486	371,997	307,194	328,678	346,376	350,788	381,817	217,348
School Administrative Services	92,702	129,689	131,452	169,326	146,256	172,514	155,020	150,949	163,181
Central Services									151,396
Administration Information Technology			3,344	1,744	5,111	8,757			
Plant Operations and Maintenance	330,876	380,493	362,682	473,068	550,323	558,803	477,361	361,390	371,502
Pupil Transportation	321,797	386,124	481,630	515,798	550,023	557,788	516,011	527,396	523,281
Unallocated Benefits	600,385	668,835	769,727	885,045	915,483	884,003	812,400	759,355	900,291
Charter Schools	7,135			18,182	26,859	29,266			8,075
Capital Outlay	2,700	90,924	3,751	4,242	146,165	426,581	610,728	94,824	8,613
Debt Service:									
Principal	1,184,755	357,245	95,000	95,000	100,000	105,000	110,000	120,000	125,000
Interest and Other Charges	152,173	119,974	111,900	107,625	103,349	98,850	94,125	89,175	83,775
Total Expenditures	7,485,038	7,656,758	7,786,535	8,209,776	8,236,305	8,538,759	8,735,674	8,528,483	9,226,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	(363,435)	(42,338)	(108,019)	(142,458)	227,935	(177,741)	209,512	43,971	75,655

MINE HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)									
Transfers In							\$ 526,240		
Transfers Out							(530,000)		
Total Other Financing Sources (Uses)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(3,760)	\$ -0-	\$ -0-
Net Change in Fund Balances	<u>\$ (363,435)</u>	<u>\$ (42,338)</u>	<u>\$ (108,019)</u>	<u>\$ (142,458)</u>	<u>\$ 227,935</u>	<u>\$ (177,741)</u>	<u>\$ 205,752</u>	<u>\$ 43,971</u>	<u>\$ 75,655</u>
Debt Service as a Percentage of Noncapital Expenditures	21.8%	6.7%	2.7%	2.5%	2.6%	2.6%	2.6%	2.5%	2.3%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-5

MINE HILL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Prior Year Refunds	Rentals - Use of Facilities	Other	Total
2003	\$ 4,367	\$ 1,973				\$ 6,340
2004		4,217			\$ 21,078	25,295
2005	7,514	21,097	\$ 1,161		6,442	36,214
2006	46,038	44,894			60,601	151,533
2007	24,126	51,990			45,023	121,139
2008	68,644	25,753	202,219	\$ 66,928	25,560	389,104
2009	19,425	4,025		95,983	21,148	140,581
2010	7,714	1,534	59,814	71,926	13,526	154,514
2011	9,543	3,526	6,039	35,963	5,463	60,534
2012	42,721	3,200		5,000	25,989	76,910

Source: Mine Hill Township School District records.

MINE HILL TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2002	\$ 8,258,800	\$ 188,813,200	\$ 18,600		\$ 13,710,000	\$ 11,678,300	\$ 358,500	\$ 222,837,400	\$ 431,291	\$ 223,268,691	\$ 324,911,000	\$ 1.84	\$ 276,805,882
2003	8,478,600	189,619,500	18,600		13,781,600	11,678,300	358,500	223,935,100	397,354	224,332,454	324,911,000	2.08	307,523,045
2004	7,940,100	189,928,400	18,600		13,916,800	11,678,300	358,500	223,840,700	333,954	224,174,654	324,911,000	2.49	347,296,859
2005	7,062,000	190,605,900	18,600		14,372,300	11,678,300	358,500	224,095,600	262,742	224,358,342	328,923,900	2.49	391,304,608
2006*	33,235,700	453,439,400	23,700		29,070,200	18,594,300	722,300	535,085,600	429,295	535,514,895	328,867,200	1.07	452,300,051
2007	33,459,600	453,829,000	23,700		28,979,800	18,594,300	722,300	535,608,700	443,438	536,052,138	328,641,600	1.10	521,428,158
2008	20,309,600	454,795,300	23,700		28,936,700	18,655,600	722,300	523,443,200	548,783	523,991,983	336,112,700	1.11	534,511,212
2009	19,709,000	455,905,300	23,700		28,936,700	18,655,600	722,300	523,952,600	697,397	524,649,997	336,503,900	1.09	538,663,656
2010	19,792,300	455,574,500	88,600	\$ 23,700	28,936,200	18,655,600	722,300	523,793,200	935,064	524,728,264	320,361,900	1.11	516,868,718
2011*	17,577,900	372,376,800	88,600	29,100	27,663,100	20,540,200	592,300	438,868,000	100	438,868,100	341,668,600	1.37	497,627,200

* - Revaluation of real property was effective in this year.

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

b - Tax rates are per \$100.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
 Reassessment occurs when ordered by the County Board of Taxation.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor.

Exhibit J-7

MINE HILL TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Mine Hill Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Mine Hill Township	Morris County	
2002	\$ 1.8400		\$ 1.840	\$ 1.010	\$ 0.370	\$ 3.220
2003	1.7470	\$ 0.3330	2.080	1.040	0.410	3.530
2004	2.3690	0.1210	2.490	1.040	0.470	4.000
2005	1.5570	0.9330	2.490	1.040	0.470	4.000
2006*	1.0300	0.0400	1.070	0.500	0.210	1.780
2007	1.0680	0.0320	1.100	0.510	0.240	1.850
2008	1.0719	0.0381	1.110	0.610	0.240	1.960
2009	1.0513	0.0387	1.090	0.640	0.230	1.960
2010	1.0703	0.0397	1.110	0.640	0.230	1.980
2011*	1.3169	0.0481	1.365	0.692	0.267	2.324

* - Revaluation of real property was effective in this year.

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

Exhibit J-8

MINE HILL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2011*			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
John Crimi/County Concrete	\$ 18,773,500	1	4.28%	\$ 12,903,200	1	4.66%
Canfield Building Associates	5,613,400	2	1.28%	1,370,000	2	0.49%
Stowaway Self Storage VI, LLC	3,100,000	3	0.71%			
Individual Taxpayer #1	2,453,300	4	0.56%	1,300,000	3	0.47%
Multi-Fab Sales & Service, Inc.	2,339,900	5	0.53%			
B&G Land Management/Benkendorf	2,182,400	6	0.50%	1,195,400	4	0.43%
Landmark at Thomastown, LLC	1,920,000	7	0.44%			
Samuel T. Byrant, Inc.	1,773,600	8	0.40%	837,700	5	0.30%
Individual Taxpayer #2	1,740,300	9	0.40%	652,100	7	0.24%
Mroz Family Properties, LLC	1,235,400	10	0.28%			
National Investment				800,000	6	0.29%
46 Unit 200, Inc.				547,700	8	0.20%
West Corp.				470,400	9	0.17%
Stoway Self Storage				463,700	10	0.17%
Total	<u>\$ 41,131,800</u>		<u>9.38%</u>	<u>\$ 20,540,200</u>		<u>7.42%</u>

* - Revaluation of real property was effective in this year.

Source: Municipal Tax Assessor.

Exhibit J-9

MINE HILL TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 5,058,414	\$ 5,058,414	100.00%	\$ -0-
2005	5,632,575	5,632,575	100.00%	-0-
2006	5,536,855	5,536,855	100.00%	-0-
2007	5,899,716	5,899,716	100.00%	-0-
2008	5,931,350	5,931,350	100.00%	-0-
2009	5,748,850	5,748,850	100.00%	-0-
2010	5,706,572	5,706,572	100.00%	-0-
2011	5,931,720	5,931,720	100.00%	-0-
2012	6,045,771	6,045,771	100.00%	-0-

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

Source: Mine Hill Township School District records, including the Certificate and Report of Report of School Taxes (A4F form).

Exhibit J-10

MINE HILL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Bond Anticipation Notes (BANs)			
2003	\$ 2,553,000	\$ 1,367,000	\$ 3,920,000	1.90%	\$ 1,069.87
2004	2,468,000	267,245	2,735,245	1.32%	750.00
2005	2,378,000	-0-	2,378,000	1.08%	653.66
2006	2,283,000	-0-	2,283,000	1.00%	630.31
2007	2,188,000	-0-	2,188,000	0.90%	609.98
2008	2,088,000	-0-	2,088,000	0.82%	584.22
2009	1,983,000	-0-	1,983,000	0.75%	555.77
2010	1,873,000	-0-	1,873,000	0.78%	524.21
2011	1,753,000	-0-	1,753,000	0.69%	479.75
2012	1,628,000	-0-	1,628,000	0.64%	443.36

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

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

Source: School District Financial Reports.

Exhibit J-11

MINE HILL TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 2,553,000	\$ -0-	\$ 2,553,000	1.143%	\$ 696.78
2004	2,468,000	-0-	2,468,000	1.100%	676.72
2005	2,378,000	-0-	2,378,000	1.061%	653.66
2006	2,283,000	-0-	2,283,000	1.018%	630.31
2007	2,188,000	-0-	2,188,000	0.409%	609.98
2008	2,088,000	-0-	2,088,000	0.390%	584.22
2009	1,983,000	-0-	1,983,000	0.378%	555.77
2010	1,873,000	-0-	1,873,000	0.357%	524.21
2011	1,753,000	-0-	1,753,000	0.334%	479.75
2012	1,628,000	-0-	1,628,000	0.371%	443.36

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports.

Exhibit J-12

MINE HILL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mine Hill Township	\$ 4,108,741	100.00%	\$ 4,108,741
Morris County General Obligation Debt	269,247,125	0.51%	<u>1,366,452</u>
Subtotal, Overlapping Debt			5,475,193
Mine Hill Township School District Direct Debt			<u>1,753,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 7,228,193</u></u>

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

MINE HILL TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012

Year Ended December 31,	Equalized Valuation Basis
2009	\$ 512,974,936
2010	494,424,391
2011	458,539,338
	<u>\$ 1,465,938,665</u>
Average Equalized Valuation of Taxable Property	<u>\$ 488,646,222</u>
Debt Limit (2.5% of Average Equalization Value)	\$ 12,216,156 ^a
Net Bonded School Debt	<u>1,628,000</u>
Legal Debt Margin	<u>\$ 10,588,156</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 6,467,069	\$ 7,337,631	\$ 8,356,976	\$ 9,828,253	\$ 12,354,521
Total Net Debt Applicable to Limit	<u>2,553,000</u>	<u>2,468,000</u>	<u>2,378,000</u>	<u>2,283,000</u>	<u>2,188,000</u>
Legal Debt Margin	<u>\$ 3,914,069</u>	<u>\$ 4,869,631</u>	<u>\$ 5,978,976</u>	<u>\$ 7,545,253</u>	<u>\$ 10,166,521</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	39.48%	33.63%	28.46%	23.23%	17.71%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 12,557,822	\$ 13,292,863	\$ 13,253,978	\$ 12,847,860	\$ 12,216,156
Total Net Debt Applicable to Limit	<u>2,088,000</u>	<u>1,983,000</u>	<u>1,873,000</u>	<u>1,753,000</u>	<u>1,628,000</u>
Legal Debt Margin	<u>\$ 10,469,822</u>	<u>\$ 11,309,863</u>	<u>\$ 11,380,978</u>	<u>\$ 11,094,860</u>	<u>\$ 10,588,156</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.63%	14.92%	14.13%	13.64%	13.33%

^a - Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts.

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

MINE HILL TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	3,664	\$ 206,730,208	\$ 56,422	5.90%
2003	3,647	207,164,188	56,804	5.90%
2004	3,638	221,117,640	60,780	4.70%
2005	3,622	227,932,460	62,930	4.10%
2006	3,587	243,621,866	67,918	4.30%
2007	3,574	254,436,634	71,191	3.90%
2008	3,568	264,121,200	74,025	3.90%
2009	3,573	241,584,822	67,614	5.10%
2010	3,654	255,089,394	69,811	8.80%
2011	3,672	256,345,992	69,811 *	8.50%

* - Latest Morris County per capita personal income available (2010) was used for calculation purposes.

Source:

- a** - Population information provided by the US Department of Census - Population Division.
- b** - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c** - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d** - Unemployment data provided by the NJ Department of Labor and Workforce Development.

MINE HILL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2011		Employer	2002	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Novartis	6,200	2.44%	Information is Not Available		
U.S. Army Armament Research and Development	5,274	2.08%			
Atlantic Health	5,013	1.98%			
United Parcel Service	2,332	0.92%			
County of Morris	1,928	0.76%			
Automatic Data Processing, Inc.	1,924	0.76%			
AT&T Corporation	1,550	0.61%			
Chilton Memorial	1,440	0.57%			
BASF Corporation	1,400	0.55%			
Avis Budget Group Inc.	1,378	0.54%			
	28,439	11.21%			
Total Employment *	253,719				

* - Employment data provided by the NJ Department of Labor and Workforce Development.

Source: Morris County Treasurer's Office.

MINE HILL TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:							
Regular	N/A	N/A	N/A	29.6	29.6	29.6	29.6
Special Education	N/A	N/A	N/A	9.4	9.4	9.4	9.4
Other Instruction	N/A	N/A	N/A	0.3	0.3	0.3	0.3
School Sponsored/Other Instruction	N/A	N/A	N/A	7.0	7.0	7.0	7.0
Support Services:							
Student & Instruction Related Services	N/A	N/A	N/A	5.5	5.5	5.5	5.5
General Administrative Services	N/A	N/A	N/A	1.9	1.9	1.9	1.9
School Administrative Services	N/A	N/A	N/A	2.0	2.0	2.0	2.0
Central Services	N/A	N/A	N/A	1.1	1.1	1.1	1.1
Plant Operations and Maintenance	N/A	N/A	N/A	10.5	10.5	10.5	10.5
Pupil Transportation	N/A	N/A	N/A	0.1	0.1	0.1	0.1
Total	N/A	N/A	N/A	67.4	67.4	67.4	67.4

N/A - Not available.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records.

MINE HILL TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
						Canfield Avenue School				
2003	397	\$ 5,452,152	\$ 13,733	11.83%	34	12:1	397	380	-3.41%	95.62%
2004	380	5,963,407	15,693	14.27%	33	12:1	380	365	-4.28%	96.11%
2005	370	7,002,622	18,921	20.57%	35	12:1	370	352	-2.61%	95.08%
2006	368	7,575,884	20,587	8.80%	35	12:1	368	351	-0.57%	95.35%
2007	352	8,002,908	22,729	10.41%	35	12:1	352	339	-4.32%	96.17%
2008	364	7,886,791	21,667	-4.67%	39	13:1	364	348	3.38%	95.69%
2009	377	7,908,331	20,977	-3.18%	30	13:1	377	358	3.57%	94.83%
2010	376	7,920,821	21,049	0.34%	39	9.67:1	376	361	-0.19%	95.85%
2011	397	8,224,483	20,717	-1.58%	39	13:1	398	382	5.85%	95.85%
2012	425	9,008,838	21,197	2.32%	40	13:1	423	408	6.25%	96.31%

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

b - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil and may be different from other cost per pupil calculations.

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

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

Note: Enrollment based on annual October District count.

Source: Mine Hill Township School District records.

Exhibit J-18

MINE HILL TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>District Building</u>					
Canfield Avenue School (1923)					
Square Feet	62,800	62,800	54,466	54,466	54,466
Capacity (students)	512	512	480	480	480
Enrollment	397	380	370	368	352
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>					
Canfield Avenue School (1923)					
Square Feet	54,466	61,271	61,271	61,271	61,271
Capacity (students)	480	470	470	470	470
Enrollment	364	377	376	397	425

Number of Schools at June 30, 2012

Elementary = 1
Middle School = 0
High School = 0
Other = 0

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Mine Hill Township School District Board Office.

MINE HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST NINE FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>			
		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Canfield Avenue	N/A	\$ 19,154	\$ 94,076	\$ 87,522	\$ 140,034
Total School Facilities		<u>19,154</u>	<u>94,076</u>	<u>87,522</u>	<u>140,034</u>
Grand Total		<u>\$ 19,154</u>	<u>\$ 94,076</u>	<u>\$ 87,522</u>	<u>\$ 140,034</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Canfield Avenue	N/A	\$ 170,402	\$ 183,407	\$ 121,825	\$ 107,122	\$ 110,193
Total School Facilities		<u>170,402</u>	<u>183,407</u>	<u>121,825</u>	<u>107,122</u>	<u>110,193</u>
Grand Total		<u>\$ 170,402</u>	<u>\$ 183,407</u>	<u>\$ 121,825</u>	<u>\$ 107,122</u>	<u>\$ 110,193</u>

N/A - Not Applicable.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Exhibit J-20

MINE HILL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
School Alliance Insurance Fund:		
Building and Personal Property	\$ 250,000,000	\$ 1,000
Inland Marine - Automobile Physical Damage	Per Schedule	1,000
General Liability, including Automobile and Employee Benefits	5,000,000	
General Aggregate	50,000,000	
Fire Damage	2,500,000	
Medical Expenses	10,000	
Environmental Impairment Liability	1,000,000	10,000
Fund Aggregate	25,000,000	
Crime Coverage - Inside/Outside	50,000	1,000
Blanket Employee Dishonesty - Per Loss	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability	5,000,000	5,000
Selective Insurance Company:		
Public Employees' Faithful Performance Blanket Position Bond - Board Secretary	175,000	

SINGLE AUDIT SECTION



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Independent Auditors' 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*

The Honorable President and Members
 of the Board of Education
 Mine Hill Township School District
 County of Morris, New Jersey

We have audited the 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 Mine Hill Township School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 20, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board'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 providing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

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

The Honorable President and Members
of the Board of Education
Mine Hill Township School District
Page 2

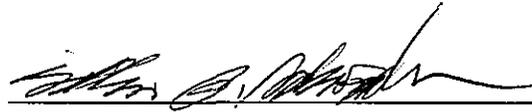
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 Office of School Finance, Department of Education, State of New Jersey. However, we have noted a certain matter that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance*, dated November 20, 2012.

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

Mount Arlington, New Jersey
November 20, 2012

NISIVOCCIA, LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Independent Auditors' 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's Circular 04-04

The Honorable President and Members
 of the Board of Education
 Mine Hill Township School District
 County of Morris, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Mine Hill Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board'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 the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

The Honorable President and Members
of the Board of Education
Mine Hill Township School District
Page 2

Internal Control Over Compliance

The management of the Board 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 the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Mount Arlington, New Jersey
November 20, 2012

NISIVOCCIA, LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

MINE HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Schedule A

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2011			Prior Year Accounts Receivable Canceled	Balance at June 30, 2012		
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture -												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	N/A	7/1/11	6/30/12	\$ 39,434			\$ 32,899	\$ (39,434)		\$ (6,535)	
National School Lunch Program	10.555	N/A	7/1/10	6/30/11	39,377	\$ (11,391)		11,391				
School Breakfast Program	10.553	N/A	7/1/11	6/30/12	5,628			4,696	(5,628)		(932)	
School Breakfast Program	10.553	N/A	7/1/10	6/30/11	4,849	(1,684)		1,684				
Special Milk Program	10.556	N/A	7/1/11	6/30/12	623			528	(623)		(95)	
Special Milk Program	10.556	N/A	7/1/10	6/30/11	399	(121)		121				
Federal Food Distribution Program	10.555	N/A	7/1/11	6/30/12	12,261			12,261	(12,261)			
Federal Food Distribution Program	10.555	N/A	7/1/10	6/30/12	8,380	701			(701)			
Subtotal Child Nutrition Cluster						(12,495)		63,580	(58,647)		(7,562)	
Total Enterprise Fund						(12,495)		63,580	(58,647)		(7,562)	
Total U.S. Department of Agriculture						(12,495)		63,580	(58,647)		(7,562)	
U.S. Department of Education -												
Passed-through State Department of Education:												
General Fund:												
Education Jobs Fund	84.410	N/A	8/1/10	9/30/12	79,622			79,622	(79,622)			
Total General Fund								79,622	(79,622)			
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. Part B, Basic Regular	84.027	IDEA-2870-12	9/1/11	8/31/12	132,971			132,971	(132,971)			
I.D.E.A. Part B, Preschool	84.173	IDEA-2870-12	9/1/11	8/31/12	3,707			3,707	(3,707)			
Subtotal Special Education Cluster								136,678	(136,678)			
No Child Left Behind:												
Title I - Part A	84.010A	NCLB-2870-12	9/1/11	8/31/12	128,908			29,000	(56,398)		(27,398)	
Title I - Part A	84.010A	NCLB-2870-11	9/1/10	8/31/11	78,095	(63,279)		63,279				
Title I - Part A	84.010A	NCLB-2870-10	9/1/09	8/31/10	94,637	(90,229)		90,229				
Title II	84.367A	NCLB-2870-12	9/1/11	8/31/12	18,069			5,114	(7,222)		(2,108)	
Title II	84.367A	NCLB-2870-11	9/1/10	8/31/11	10,311	(5,119)		4,897		\$ 222		
Title II	84.367A	NCLB-2870-10	9/1/09	8/31/10	10,117	(2,206)		2,206				
Race to the Top Phase 3	84.413A	N/A	9/1/11	8/31/12	8,735				(6,681)		(6,681)	
Total Special Revenue Fund						(160,833)		331,403	(206,979)	222	(36,187)	
Total U.S. Department of Education						(160,833)		411,025	(286,601)	222	(36,187)	
TOTAL FEDERAL AWARDS						\$ (173,328)	\$ -0-	\$ 474,605	\$ (345,248)	\$ 222	\$ (43,749)	\$ -0-

N/A - Not Available.

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MINE HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Schedule B

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2011			Balance Canceled to General Fund	Balance at June 30, 2012			MEMO		
		From	To		Budgetary Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Special Education Categorical Aid	12-495-034-5120-089	7/1/11	6/30/12	\$ 323,322				\$ 284,767	\$ (323,322)				\$ 38,555	\$ 323,322
Special Education Categorical Aid	11-495-034-5120-089	7/1/10	6/30/11	323,322	\$ (32,083)			32,083						
Equalization Aid	12-495-034-5120-078	7/1/11	6/30/12	1,160,494				1,022,111	(1,160,494)				138,383	1,160,494
Equalization Aid	11-495-034-5120-078	7/1/10	6/30/11	1,031,005	(102,304)			102,304						
Security Aid	12-495-034-5120-084	7/1/11	6/30/12	34,260				30,175	(34,260)				4,085	34,260
School Choice Aid	12-495-034-5120-068	7/1/11	6/30/12	1,005,546				885,640	(1,005,546)				119,906	1,005,546
School Choice Aid	11-495-034-5120-068	7/1/10	6/30/11	566,342	(56,197)			56,197						
Extraordinary Special Education Costs Aid	12-100-034-5120-473	7/1/11	6/30/12	144,011					(144,011)	\$ (144,011)			144,011	144,011
Extraordinary Special Education Costs Aid	11-100-034-5120-473	7/1/10	6/30/11	127,685	(127,685)			127,685						
Nonpublic School Transportation Costs	12-495-034-5120-014	7/1/11	6/30/12	4,646					(4,646)	(4,646)			4,646	4,646
Nonpublic School Transportation Costs	11-495-034-5120-014	7/1/10	6/30/11	2,723	(2,723)			2,723						
Reimbursed TPAF Social Security Aid	12-495-034-5095-002	7/1/11	6/30/12	137,795				137,461	(137,795)	(334)			334	137,795
Reimbursed TPAF Social Security Aid	11-495-034-5095-002	7/1/10	6/30/11	138,840	(6,893)			6,893						
Total General Fund State Aid					(327,885)			2,688,039	(2,810,074)		(148,991)		449,920	2,810,074
State Department of Education:														
Special Revenue Fund:														
Targeted At-Risk Aid	08-100-034-5120-005	7/1/07	6/30/08	63,250	1,225					\$ (1,225)				
Total Special Revenue Fund					1,225					(1,225)				
Enterprise Fund:														
State School Lunch Program	12-100-010-3350-023	7/1/11	6/30/12	1,531				1,275	(1,531)	(256)			256	1,531
State School Lunch Program	11-100-010-3350-023	7/1/10	6/30/11	1,545	(478)			478						
Total Enterprise Fund					(478)			1,753	(1,531)	(256)			256	1,531
Total State Department of Education					(327,138)			2,689,792	(2,811,605)	(1,225)	(149,247)		450,176	2,811,605
Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing Act:														
Canfield Avenue School Renovations:														
Fire Alarms and HVAC System	3240-030-09-1001	7/1/09	6/30/12	224,001	(224,001)					(53,473)			224,001	53,473
Classrooms and Bathrooms	3240-030-09-1002	7/1/09	6/30/12	138,520	(138,520)					(138,520)			138,520	138,520
Total Capital Projects Fund					(362,521)					(191,993)			362,521	191,993
Total Schools Development Authority					(362,521)					(191,993)			362,521	191,993
TOTAL STATE AWARDS					\$ (689,659)	\$ -0-	\$ 2,689,792	\$ (2,811,605)	\$ (1,225)	\$ (341,240)	\$ -0-	\$ -0-	\$ 812,697	\$ 3,003,598

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Mine Hill Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and 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*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, if applicable, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General, Special Revenue and Capital Projects Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General, Special Revenue and Capital Projects Funds 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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments 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 revenue, whereas the GAAP basis does not. The capital projects fund recognizes grant revenue in total in the year of the award on the budgetary basis while on a GAAP basis grant revenue is realized based on when the expenditures are submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(110,345) for the General Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General Fund. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post-Retirement Medical and Pension Contributions revenue of \$128,799 and \$64,071, respectively.

MINE HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 79,622	\$ 2,892,599	\$ 2,972,221
Special Revenue Fund	206,979		206,979
Food Service Fund	<u>58,647</u>	<u>1,531</u>	<u>60,178</u>
Total Awards	<u>\$ 345,248</u>	<u>\$2,894,130</u>	<u>\$ 3,239,378</u>

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

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has grants receivable on a GAAP basis in the amount of \$191,993 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. The District will realize the grant revenue in the Capital Projects Fund on a GAAP basis as it is expended and submitted for reimbursement.

MINE HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04 or Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year end June 30, 2012 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the circular.
- The District's major programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education				
Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 323,322	\$ 323,322
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	1,160,494	1,160,494
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	34,260	34,260
School Choice Aid	12-495-034-5120-068	7/1/11-6/30/12	1,005,546	1,005,546

- The threshold for distinguishing Type A and Type B State programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee for State programs under the provisions of section 530 of the federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

MINE HILL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The prior year audit findings were resolved.