

**SCHOOL DISTRICT OF
MOUNT HOLLY**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MOUNT HOLLY SCHOOL DISTRICT

MOUNT HOLLY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

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

OUTLINE OF CAFR

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	9
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	11
BASIC FINANCIAL STATEMENTS	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	20
A-2 Statement of Activities	21
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenses & Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	30
Notes to Financial Statements	31
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	54
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Education Jobs Fund Program – Budget & Actual	65
C-2 Budgetary Comparison Schedule – Special Revenue Fund	66

(continued)

OUTLINE OF CAFR (continued)

	PAGE
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	68
D. School Based Budget Schedules Fund –	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues & Expenditures - Budgetary Basis	69
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	74
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	N/A
F-2a Schedule of Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	75
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	76
G-3 Combining Schedule of Cash Flows	77
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	78
H-2 Combining Statement of Changes in Fiduciary Net Assets	79
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	80
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	80
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	81
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

(continued)

OUTLINE OF CAFR (continued)

STATISTICAL SECTION (unaudited)

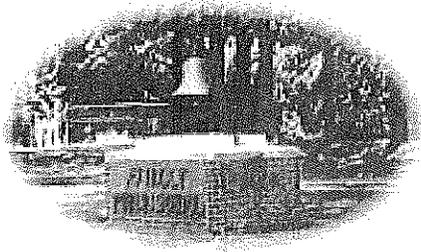
	PAGE
Financial Trends:	
J-1 Net Assets by Component	82
J-2 Changes in Net Assets	83
J-3 Fund Balances – Governmental Funds	86
J-4 Changes in Fund Balances – Governmental Funds	87
J-5 General Fund Other Local Revenue by Source	88
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	89
J-7 Direct & Overlapping Property Tax Rates	90
J-8 Principal Property Taxpayers	91
J-9 Property Tax Levies & Collections	92
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	93
J-11 Ratios of General Bonded Debt Outstanding	94
J-12 Direct & Overlapping Governmental Activities Debt	94
J-13 Legal Debt Margin Information	95
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	96
J-15 Principal Employers	96
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	97
J-17 Operating Statistics	98
J-18 School Building Information	99
J-19 Schedule of Required Maintenance	100
J-20 Insurance Schedule	101

K SINGLE AUDIT SECTION

K-1 Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	102
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	104
K-3 Schedule of Expenditures of Federal Awards, Schedule A	105
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	106
K-5 Notes to Schedules of Awards and Financial Assistance	108
K-6 Schedule of Findings and Questioned Costs	110
K-7 Summary Schedule of Prior Audit Findings	112

(concluded)

INTRODUCTORY SECTION



Mount Holly Township Public Schools

School Business Office
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Mount Holly, NJ 08060
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August 22, 2012

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

Dear Members of the Board,

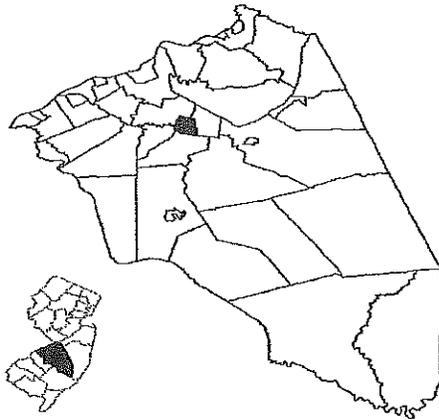
We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Mount Holly Township School District (District) for the fiscal year ended June 30, 2012. Responsibility for the accuracy of the data completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. This report will provide the taxpayers of the Mount Holly Township School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs. The Comprehensive Annual Financial Report is presented in four sections as follows:

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

School District Organization

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

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



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

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

Reporting Entity

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

Economic Condition

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

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

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

The District completed the 2011-12 fiscal year with an enrollment of 981 students, which is 12 students less than the previous year's enrollment. Though the past several years have shown declines in the enrollment within the district, this trend is not likely to continue as the major condition of the decreased enrollment has been the West Rancocas Redevelopment Project which is nearly underway. There are few acquisitions left to be made by the Township, and the number of current students expected to be lost is less than new students anticipated. The following details the changes in the average daily enrollment of the District over the last seven years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Percent Change</u>
2011-12	981	-1.2%
2010-11	993	-0.5%
2009-10	998	-2.1%
2008-09	1,019	-2.2%
2007-08	1,042	-2.9%
2006-07	1,073	-0.9%
2005-06	1,083	-3.5%

Outlook for the Future: Fiscal Year 2012-13 and Beyond

The Mount Holly Township School District, along with many other public school systems in the State, will continue to face some difficult economic situations given the primary funding source is property tax revenue. The district's overall anticipated revenues from state and federal sources decreased for 2011-12. The decrease is due to the decrease in state aid and the 2% cap in local tax levy.

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

Educational Program

MISSION STATEMENT

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

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

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

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

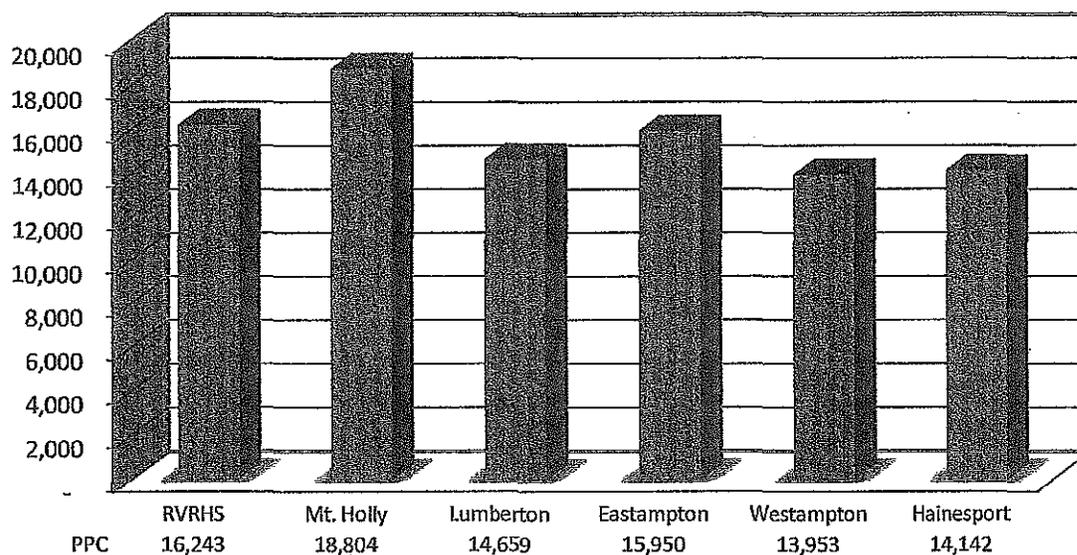
The Mount Holly Public Schools are on the road to continuous improvement. We encourage all parents to join us by being actively involved in their children's education. There is not a better gift to give than a quality education. Working together, we prepare our children for the challenges of the 21st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

The District has highly competent teaching, supervisory and administrative staff with approximately 64% with Bachelor's degrees, and 36% with Master's degrees. The staff continues to refine its expertise and competency through ongoing staff development District-wide through curriculum development committees and workshops. Teachers are enrolled in graduate-level programs in numerous colleges and universities. A total of \$30,610 was reimbursed to staff to help defray the cost of college tuition. An additional \$10,962 was expended on workshops and conferences.

In July 2012, the New Jersey Department of Education released its 2012 Taxpayer's Guide to Education Spending for all school districts in the State. The guide compares districts of like size and grade structure. The Mount Holly Township School District was compared with 86 other Pre-K to 8th grade districts within the State. The report showed that the District spends \$18,804 per pupil while the state average is \$17,352. According to the report, similar district average per pupil cost is \$16,232.

For the past two years our district has budgeted \$14,922 and \$13,891 per pupil. Over the same time frame, the state average has ranged from \$13,946 to \$13,609. It should be noted that because of Mount Holly's District Factor Grouping (DFG) of B, there are many required expenditures that other districts do not have to meet. It should be noted that when compared to districts that also serve townships that are county seats, Mount Holly's per pupil cost was much more comparable.

Per Pupil Spending Within Region



Internal Accounting and Budgetary Control

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

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

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the Township. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund (when necessary). Project-length budgets are approved for the capital improvements accounted for in the capital projects fund.

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

Cash Management

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

Risk Management

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

Independent Audit

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

Acknowledgements

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

Respectfully submitted,



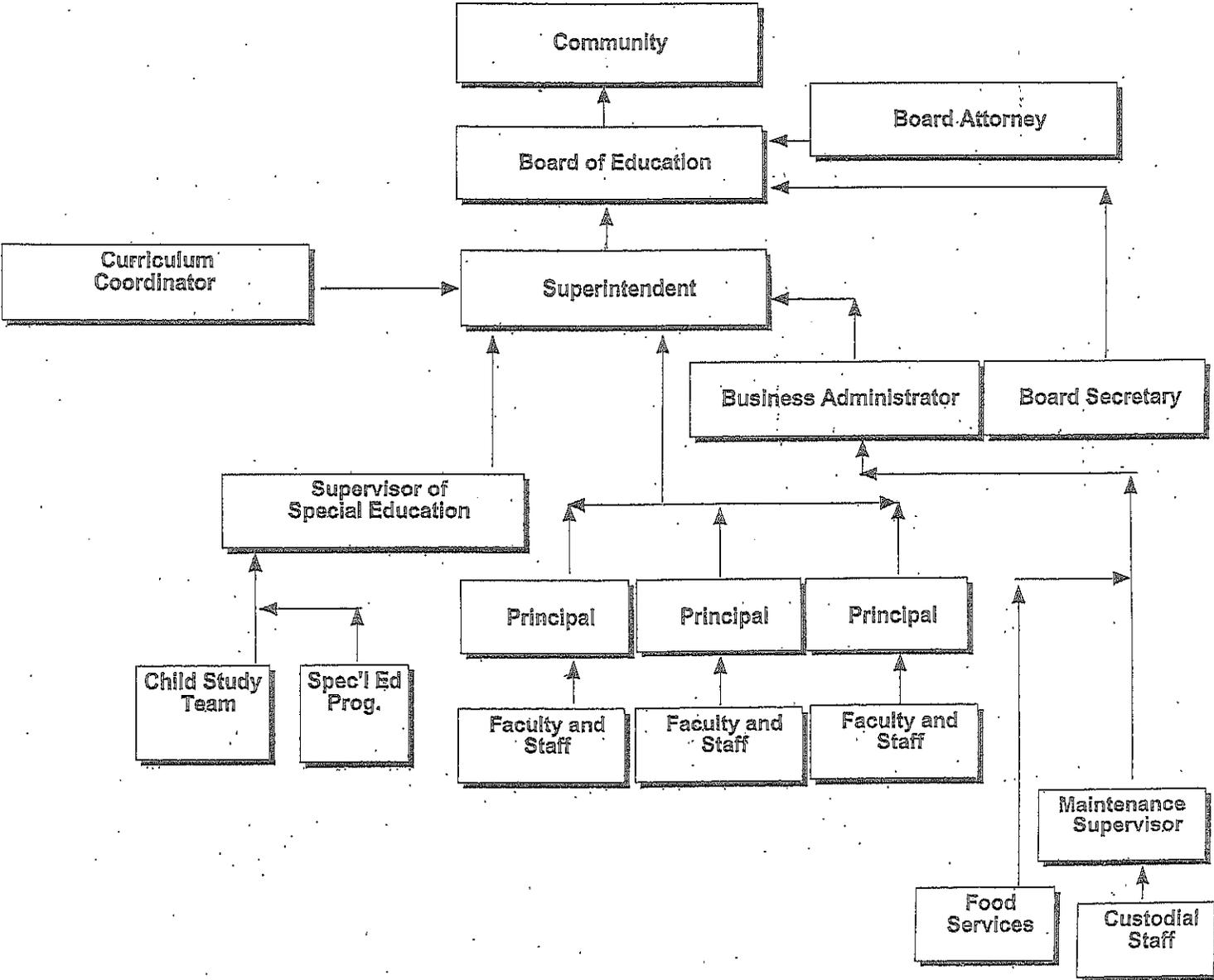
Eric M. Hibbs, Ed.D.
Superintendent



Evon DiGangi, CPA
School Business Administrator/
Board Secretary

MOUNT HOLLY TOWNSHIP PUBLIC SCHOOLS

Organizational Chart (UNIT CONTROL)



MOUNT HOLLY SCHOOL DISTRICT

331 Levis Drive
Mount Holly, New Jersey 08060

Evon DiGangi, CPA
Business Administrator

ROSTER OF OFFICIALS
June 30, 2012

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

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

OTHER OFFICIALS

Dr. Eric Hibbs, Superintendent
Ms. Evon DiGangi, Business Administrator/Board Secretary
Frank Cavallo, Esq.

MOUNT HOLLY SCHOOL DISTRICT

330 Levis Drive
Mount Holly, New Jersey 08060

Evon DiGangi
Business Administrator

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

Beneficial Bank
539 Walnut Street
Philadelphia, Pennsylvania 19106

FINANCIAL SECTION



Certified Public Accountants & Consultants

Administrative Office:
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holmanfrenia.com

INDEPENDENT AUDITOR’S REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012, on our consideration of the Mount Holly School District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

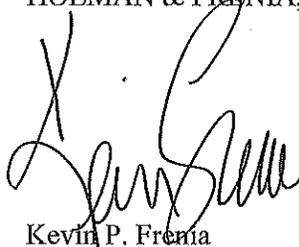
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 11 through 19 and 54 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the

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

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
August 22, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT
MT. HOLLY, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

UNAUDITED

The discussion and analysis of Mount Holly Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2011-12) and the prior fiscal year (2010-2011) is presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ↔ Total assets increased by \$711,212 as cash and cash equivalents increased by \$422,922 receivables decreased by \$257,737, net capital assets decreased by \$ 265,593, and restricted cash and cash equivalents increased by \$811,620.
- ↔ General Fund revenues accounted for \$18,215,783 in revenue, or 94 percent of governmental fund revenues. Special revenues in the form of Local, State and Federal grants and aid, accounted for \$1,117,913 or 6 percent of total governmental fund revenues of \$19,333,696.
- ↔ The School District had \$18,070,060 in total governmental fund expenditures; \$13,685,239 of which represents salaries and benefits for the district or approximately 75 percent of expenditures for the fiscal year ending June 30, 2012.
- ↔ The Food Service Enterprise Fund had an increase in net assets of \$48,047 in 2012 compared to an increase of \$48,733 in 2011.
- ↔ The total Fund Balance per Governmental funds was \$4,018,833. \$808,937 was added to capital reserve, and \$2,683 was added to maintenance reserve as of June 30, 2012.

Using this Comprehensive Annual Financial Report (CAFR)

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

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of a whole school district, presenting both an aggregate view of a school district's finances and a longer-term view of those

finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

This document looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities attempt to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. Using this basis of accounting, takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that the financial position, for the District as a whole has improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 to 53 of this report.

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net assets for 2012 and 2011.

Description	2011	2012	2011	2012
ASSETS -				
Current assets	\$ 3,436,963	\$ 4,389,544	\$ 87,694	\$ 111,918
Capital assets, net	11,662,297	11,361,799	42,607	77,512
Total assets	\$ 15,099,260	\$ 15,751,343	\$ 130,301	\$ 189,430
LIABILITIES -				
Current liabilities	\$ 725,794	\$ 421,827	\$ 32	\$ 11,114
Noncurrent liabilities	1,009,341	910,881	-	-
Total liabilities	\$ 1,735,135	\$ 1,332,708	\$ 32	\$ 11,114
NET ASSETS -				
Invested in capital assets, net of related debt	\$ 11,662,297	\$ 10,585,129	\$ 42,607	\$ 77,512
Restricted	2,991,983	3,911,564	-	-
Unrestricted	(1,290,155)	(78,058)	87,662	100,804
Total net assets	\$ 13,364,125	\$ 14,418,635	\$ 130,269	\$ 178,316
Total liabilities and net assets	\$ 15,099,260	\$ 15,751,343	\$ 130,301	\$ 189,430

The District's combined net assets were \$14,596,951 on June 30, 2012. This was an increase of 8.17% percent from the prior year.

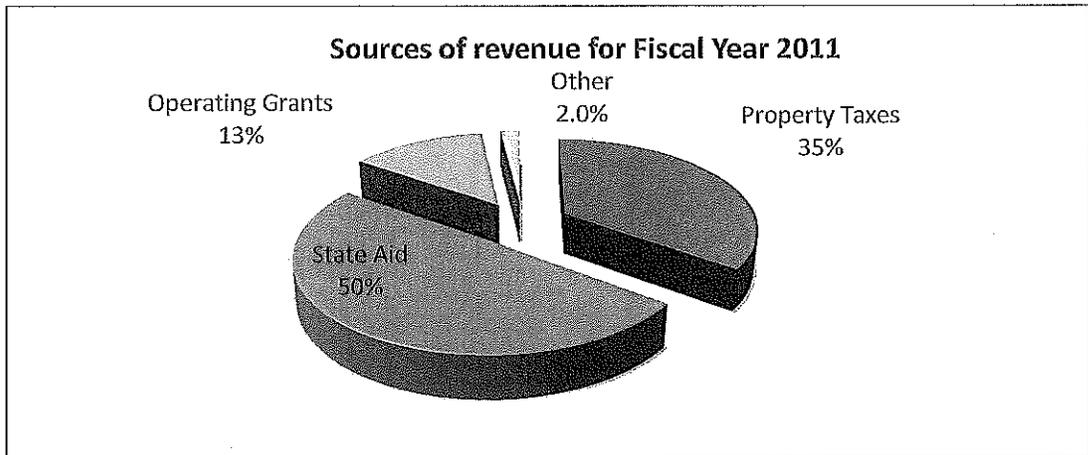
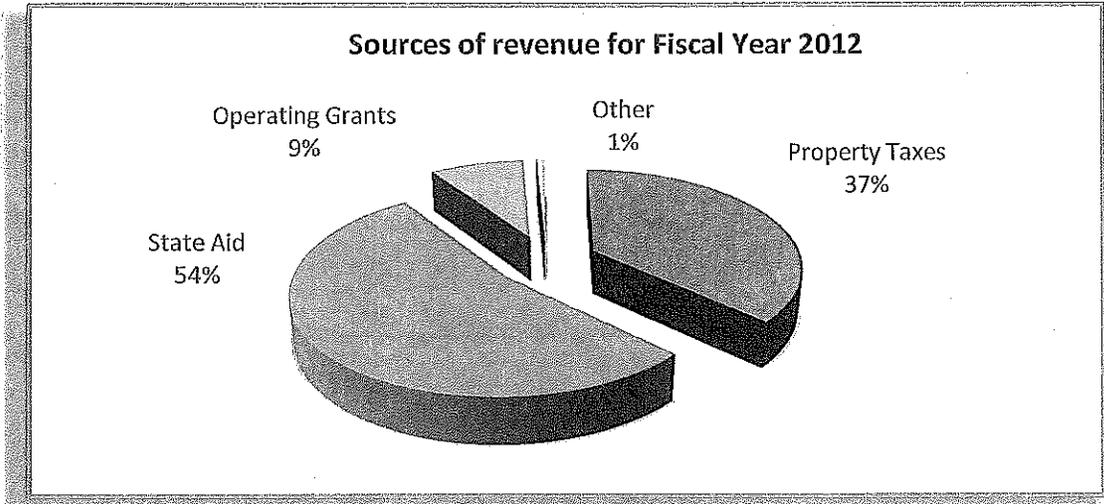
Table 2 shows changes in net assets for fiscal year 2011 and 2012.

**TABLE 2
CHANGES IN NET ASSETS**

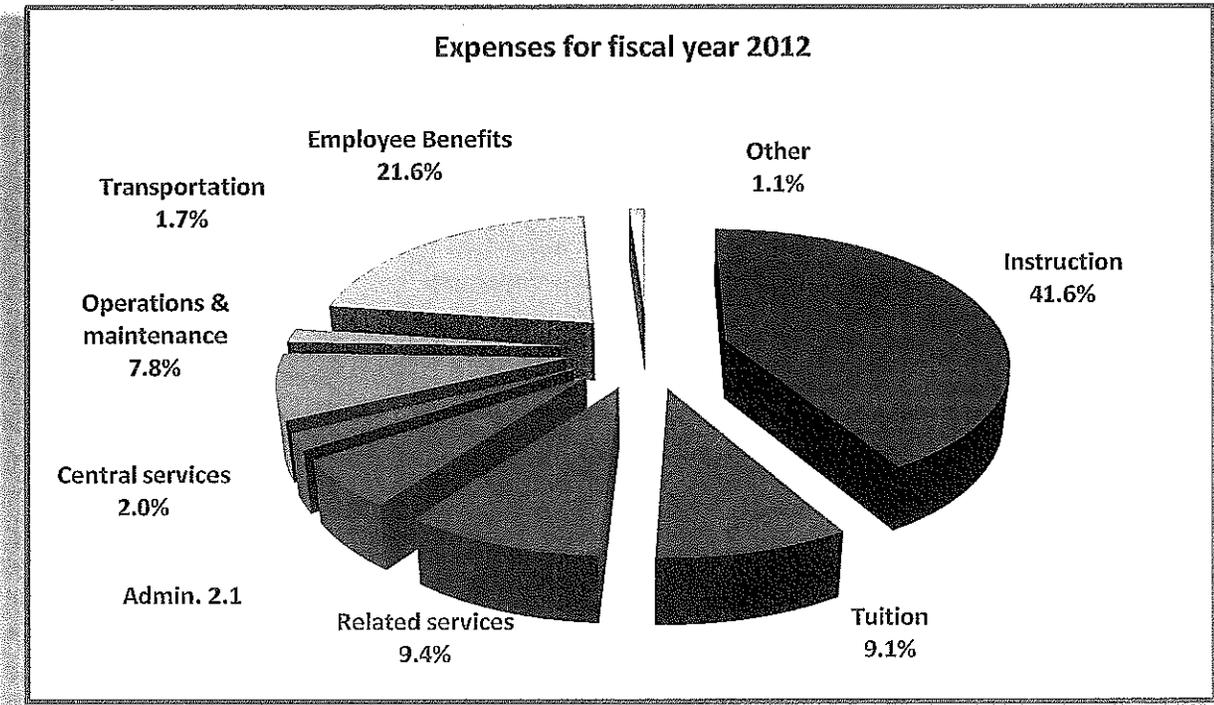
Description	Governmental Activities		Business-Type Activities	
	2011	2012	2011	2012
REVENUES -				
Program Revenues:				
Charges for services	\$ -		\$ 183,601	\$ 158,248
Operating grants & contributions	2,657,941	1,666,996	279,361	302,410
General Revenues:				
Property Taxes	7,016,889	7,157,227	-	
Grants & entitlements	9,933,649	10,359,703	-	
Other	396,379	149,770	592	497
Adjustment of Fixed Assets	-		5,274	54,143
Total Revenues	\$ 20,004,858.00	\$ 19,333,696	\$ 468,828	\$ 515,298
EXPENSES -				
Instruction	\$ 7,568,809	\$ 7,523,466	\$ -	
Tuition	1,906,476	1,644,007	-	
Related services	1,897,554	1,693,995	-	
General administration	1,165,275	1,035,339	-	
Central services	336,873	379,328	-	
Operations & maintenance	1,303,527	1,412,694	-	
Transportation	407,000	302,699	-	
Other Objects	10,789	-	-	
Employee benefits	4,511,837	3,908,934	-	
Food service	-		420,095	467,251
Increase in compensated absences:	(82,467)	18,081	-	
Other	161,222	360,643	-	
Total Expenses	\$ 19,186,895	\$ 18,279,186	\$ 420,095	\$ 467,251
Incr. in Net Assets before Transfe	\$ 817,963	\$ 1,054,510	\$ 48,733	\$ 48,047
Changes in Net Assets	\$ 817,963	\$ 1,054,510	\$ 48,733	\$ 48,047
Net Assets - July 1	12,546,162	13,364,125	81,536	130,269
Net Assets - June 30	\$ 13,364,125	\$ 14,418,635	\$ 130,269	\$ 178,316

Governmental Activities

Property taxes made up 37 percent of revenues for fiscal year 2012 and 35 percent for fiscal year 2011. The District's total revenue for governmental activities was \$19,333,696 for the year ended June 30, 2012. Federal and state aid, accounted for another 54% percent of revenue.



The total cost of all programs and services was \$18,279,186. Instruction and benefits comprised 63% of all District expenses.



Business-Type Activities

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

- Food service revenues exceeded expenses by \$48,047.
- Charges for services represent \$158,428 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfasts, and donated commodities was \$302,410.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Description	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$ 7,568,809	\$ 6,443,044	\$ 7,523,466	\$ 6,632,280
Support Services:				
Pupils and Instructional staff	3,804,030	3,394,335	3,338,002	3,111,275
Administration	1,502,148	1,502,148	1,414,667	1,414,667
Operation and Maint.	1,303,527	1,303,527	1,412,694	1,412,694
Pupil transportation	407,000	407,000	302,699	302,699
Employee benefits	4,511,837	3,389,356	3,908,934	3,359,851
Other	89,544	89,544	378,724	378,724
Total Expenses	\$ 19,186,895	\$ 16,528,954	\$ 18,279,186	\$ 16,612,190

- Instruction expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching students, including curriculum and staff development.
- Administration includes all expenses associated with the administrative and fiscal supervision of the school district.
- Operations and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.
- Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

- Employee benefits represent all health, dental, pensions, other fringe benefits and taxes applicable to all salaries of the district.
- "Other" includes special schools, transfers to charter schools, and other miscellaneous items.

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$19,333,696 and expenditures were \$18,070,060 in 2012. The net change in fund balance for the year was most significant in the General Fund – an increase of \$1,263,636. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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

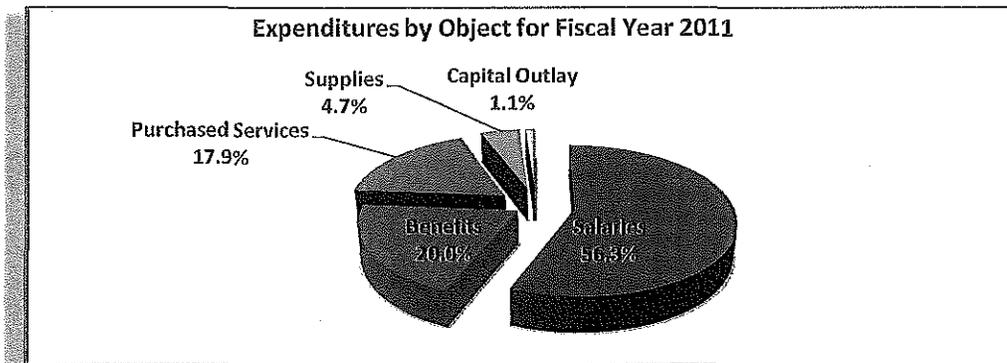


TABLE 4

Expenditures by Object for the Fiscal Year Ended June 30, 2012

Description	2011	2012	% change
Salaries	\$ 10,107,533	\$ 10,167,194	0.6%
Benefits	3,430,467	3,908,934	12.2%
Purchased Services	3,478,843	2,947,560	-18.0%
Supplies	2,080,508	850,827	-144.5%
Capital Outlay	326,124	195,546	-66.8%
Total	\$ 19,423,475	\$ 18,070,060	-7.0%

Expenditures are down \$1,353,415 or 7% less than the prior year due to reduced spending of the district.

General Fund Budgeting Highlights

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

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

- ❖ Medicaid reimbursement exceeded budget by approximately \$34,534. Adjustment Aid exceeded budget by 178,360 to be used in the 2012-2013 school year. Extraordinary Aid exceeded budget by \$66,586.

- ❖ Budgeted cost for General Supplies exceeded actual expenses by approximately \$95,200. This savings was achieved through the use of cooperative purchasing and district management.
- ❖ Budgeted regular program cost exceeded actual expenses by approximately \$331,861 and special education budgeted cost exceeded actual expenses by \$84,946. This is due to the preparation of a settled contract with the MHTEA.
- ❖ Budgeted tuition cost exceeded actual by approximately \$76,222. The addition of a new special education class enabled some special education students to return to the district.
- ❖ Budgeted administrative costs exceeded actual by approximately \$45,412. This was achieved through efficiencies in overall district management.
- ❖ Operation & maintenance of plant services actual costs were approximately \$227,039 less than budgeted due to the utilization of purchasing through Co-operatives.
- ❖ Overall the budget projected a use of \$425,596 in fund balance where there was an actual addition to fund balance of \$1,360,123.

Capital Assets

At the end of the fiscal year 2012, the School District had \$11,439,311 invested in land, buildings, machinery, and equipment, net of applicable depreciation. Table 5 shows fiscal year 2012 balances compared to 2011.

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

Description	2011	2012
Governmental Activities:		
Land	\$ 9,786,500	\$ 9,786,500
Construction in progress	530,080	528,899
Buildings & improvements	5,068,630	5,069,477
Equipment	2,396,181	2,502,657
Less: Accumulated Depreciation	(6,119,094)	(6,525,734)
Governmental activities - capital assets, net	\$ 11,662,297	\$ 11,361,799
Business-Type Activities:		
Food Service Equipment	239,580	341,876
Less: Accumulated Depreciation	(196,973)	(264,364)
Business-Type Activities - capital assets, net	42,607	77,512
TOTAL ALL CAPITAL ASSETS, NET	\$ 11,704,904	\$ 11,439,311

Overall capital assets decreased \$265,593 from fiscal year 2011 to fiscal year 2012. The decrease in capital assets is caused by depreciation, adjustments and disposals.

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

The Road Ahead

- ✎ The Mount Holly Township School District is presently in good financial condition. The District is proud of its community support of the public schools.
- ✎ It is important that the District continues to support expenditures for capital maintenance of our schools.
- ✎ The Department of Education oversight and regulation is ever increasing. Now more than ever, it is important to have sound policies and procedures in place to ensure that the District is in compliance with emerging State regulations. The Business Office has a Standard Operating Procedures manual to describe in detail the business functions of the school district. Additionally, a district purchasing manual is available in the Business Office for staff reference. These documents will assist the district in meeting its' statutory objectives as well as provide a framework from which to strengthen internal controls and increase efficiencies.
- ✎ The District has plans to increase its participation in shared service and inter-local service agreements over the coming years. The district recently shared service with the Mount Holly Township for Trash Collection and saved approximately \$6,000 for the 12-13 school year.
- ✎ The Mount Holly Township redevelopment plan is expected to get underway within the next fiscal year. Mount Holly Township has been in contact with District administrators to discuss the School District's role in the success of that plan. This collaborative process should yield benefits to the district in the form of new jobs, economic stability, and new students.
- ✎ The District administrative team and Board of Education must work diligently to come up with new ideas for revenues and streamline expenditures. In this time of shrinking revenues it is a moral imperative that education be at the forefront of decisions made.

Contacting the School District's Financial Management

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



BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

MOUNT HOLLY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
Cash & Cash Equivalents	\$986,796	81,171	1,067,967	645,045
Receivables, Net	431,768	30,747	462,515	720,252
Restricted Assets:				
Cash & Cash Equivalents	2,970,980		2,970,980	2,159,360
Capital Assets, Net (Note 6)	11,361,799	77,512	11,439,311	11,704,904
Total Assets	15,751,343	189,430	15,940,773	15,229,561
LIABILITIES				
Accounts Payable	35,707	173	35,880	98,556
Payable to State Government	2,471		2,471	19,866
Deferred Revenue	332,533	10,941	343,474	563,376
Noncurrent Liabilities (Note 8):				
Due Within One Year	51,116		51,116	44,028
Due Beyond One Year	910,881		910,881	1,009,341
Total Liabilities	1,332,708	11,114	1,343,822	1,735,167
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	10,585,129	77,512	10,662,641	11,704,904
Restricted For:				
Other Purposes	3,911,564		3,911,564	2,991,983
Unrestricted	(78,058)	100,804	22,746	(1,202,493)
Total Net Assets	\$14,418,635	178,316	14,596,951	13,494,394

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

**MOUNT HOLLY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2012	JUNE 30, 2011
Governmental Activities:							
Instruction:							
Regular	\$5,214,002		891,186	(4,322,816)		(4,322,816)	(4,393,571)
Special Education	1,882,857			(1,882,857)		(1,882,857)	(1,634,138)
Other Instruction	426,607			(426,607)		(426,607)	(415,335)
Support Services & Undistributed Costs:							
Tuition	1,644,007			(1,644,007)		(1,644,007)	(1,906,476)
Student & Instruction Related Services	1,693,995		226,727	(1,467,268)		(1,467,268)	(1,487,859)
General Administrative Services	369,892			(369,892)		(369,892)	(454,401)
School Administrative Services	665,447			(665,447)		(665,447)	(710,874)
Central Services	379,328			(379,328)		(379,328)	(336,873)
Plant Operations & Maintenance	1,412,694			(1,412,694)		(1,412,694)	(1,303,527)
Pupil Transportation	302,699			(302,699)		(302,699)	(407,000)
Other Objects							(10,789)
Unallocated Employee Benefits	3,908,934		549,083	(3,359,851)		(3,359,851)	(3,389,356)
Increase/(Decrease) in Compensated							
Absences - Unallocated	18,081			(18,081)		(18,081)	82,467
Fixed Asset Adjustments	290,593			(290,593)		(290,593)	
Reduction of Capital Leases	(109,453)			109,453		109,453	
Unallocated Depreciation & Amortization	179,503			(179,503)		(179,503)	(161,222)
Total Governmental Activities	18,279,186		1,666,996	(16,612,190)		(16,612,190)	(16,528,954)
Business-Type Activities:							
Food Service	467,251	158,248	302,410		(6,593)	(6,593)	42,867
Total Business-Type Activities	467,251	158,248	302,410		(6,593)	(6,593)	42,867

**MOUNT HOLLY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

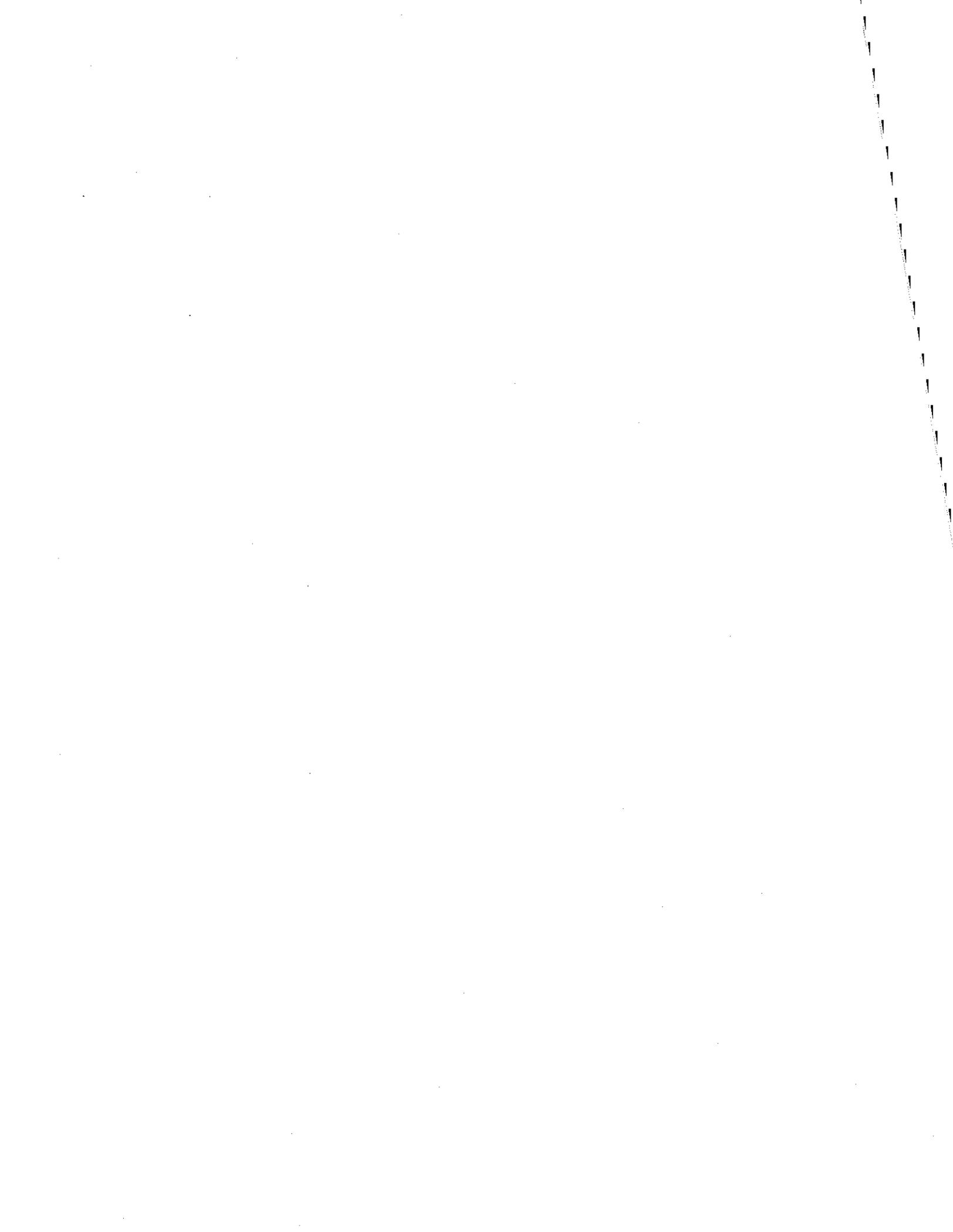
FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2012	JUNE 30, 2011
Total Primary Government	\$18,746,437	158,248	1,969,406	(16,612,190)	(6,593)	(16,618,783)	(16,486,087)
General Revenues:							
Taxes:							
Taxes Levied for General Purposes				7,157,227		7,157,227	7,016,889
Federal & State Aid Not Restricted				10,359,703		10,359,703	9,933,649
Adjust to Fixed Assets					54,143	54,143	5,274
Tuition				86,665		86,665	283,447
Investment Earnings				8,938	497	9,435	37,379
Miscellaneous Income				54,167		54,167	76,145
Total General Revenues, Special Items, Extraordinary Items & Transfers				17,666,700	54,640	17,721,340	17,352,783
Change In Net Assets				1,054,510	48,047	1,102,557	866,696
Net Assets - Beginning				13,364,125	130,269	13,494,394	12,627,698
Net Assets - Ending				\$14,418,635	178,316	14,596,951	13,494,394

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

B. Fund Financial Statements



Governmental Funds



**MOUNT HOLLY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS	
			(MEMORANDUM ONLY)	
			JUNE 30, 2012	JUNE 30, 2011
Cash & Cash Equivalents	\$868,004	118,792	986,796	585,204
Intergovernmental Accounts Receivable	233,706	174,282	407,988	692,058
Interfund Receivable	23,780	42,851	66,631	58,150
Restricted Cash & Cash Equivalents	2,970,980		2,970,980	2,159,360
Total Assets	\$4,096,470	335,925	4,432,395	3,494,772
LIABILITIES & FUND BALANCES				
Liabilities:				
Interfund Payable	\$42,851		42,851	57,809
Accounts Payable	34,786	921	35,707	98,524
Intergovernmental Account Payable:				
State		2,471	2,471	19,866
Deferred Revenue		332,533	332,533	563,376
Total Liabilities	77,637	335,925	413,562	739,575
Fund Balances:				
Restricted for:				
Excess Surplus	519,616		519,616	420,968
Capital Reserve Account	2,277,373		2,277,373	1,468,436
Emergency Reserve	250,000		250,000	250,000
Maintenance Reserve	443,607		443,607	440,924
Excess Surplus - Prior Year Designated for Subsequent Year's Expenditures	420,968		420,968	411,655
Assigned:				
Designated by the BOE for Subsequent Year's Expenditures	107,269		107,269	
Unassigned:				
General Fund				(236,786)
Total Fund Balances	4,018,833		4,018,833	2,755,197
Total Liabilities & Fund Balances	\$4,096,470	335,925		

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 \$17,887,533 and the accumulated depreciation is \$6,525,734.

11,361,799 11,662,297

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 8)

(961,997) (1,053,369)

Net assets of Governmental Activities

\$14,418,635 13,364,125

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

**MOUNT HOLLY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS	
			(MEMORANDUM ONLY)	
			JUNE 30, 2012	JUNE 30, 2011
Revenues:				
Local Sources:				
Local Tax Levy	\$7,157,227		7,157,227	7,016,889
Tuition Charges	86,665		86,665	283,447
Interest Earned	8,938		8,938	36,787
Miscellaneous	48,984	5,183	54,167	76,145
Total Local Sources	7,301,814	5,183	7,306,997	7,413,268
State Sources	10,492,966	226,859	10,719,825	11,272,489
Federal Sources	421,003	885,871	1,306,874	1,319,101
Total Revenues	18,215,783	1,117,913	19,333,696	20,004,858
Expenditures:				
Current:				
Regular Instruction	4,354,934	859,068	5,214,002	5,519,336
Special Education Instruction	1,882,857		1,882,857	1,634,138
Other Instruction	426,607		426,607	415,335
Support Services & Undistributed Costs:				
Tuition	1,644,007		1,644,007	1,906,476
Student & Instruction Related Services	1,467,268	226,727	1,693,995	1,897,554
General Administrative Services	369,892		369,892	454,401
School Administrative Services	665,447		665,447	710,874
Central Services	353,380		353,380	336,873
Plant Operations & Maintenance	1,412,694		1,412,694	1,303,527
Pupil Transportation	302,699		302,699	407,000
Unallocated Employee Benefits	3,908,934		3,908,934	4,511,837
Capital Outlay	163,428	32,118	195,546	326,124
Total Expenditures	16,952,147	1,117,913	18,070,060	19,423,475
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,263,636		1,263,636	581,383
Other Financing Sources/(Uses):				
Capital Leases - Non Budgeted				294,780
Total Other Financing Sources/ (Uses)				294,780
Net Change in Fund Balances	1,263,636		1,263,636	876,163
Fund Balance - July 1	2,755,197		2,755,197	1,879,034
Fund Balance - June 30	\$4,018,833	-	4,018,833	2,755,197

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

**MOUNT HOLLY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$1,263,636

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$179,503)	
Adjustments to Agree to Fixed Asset Appraisal	(290,593)	
Capital Outlay	169,598	(300,498)

Repayment of capital lease 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. 109,453

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

Current Year		(18,081)
--------------	--	----------

Change in Net Assets of Governmental Activities		\$1,054,510
-------------------------------------------------	--	-------------

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

Proprietary Funds



**MOUNT HOLLY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTALS	
	FOOD SERVICE FUND	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
Current Assets:			
Cash	\$81,171	81,171	59,841
Accounts Receivables	14,235	14,235	13,424
Accounts Receivable - Other	1,748	1,748	1,970
Inventories	14,764	14,764	12,459
Total Current Assets	111,918	111,918	87,694
Noncurrent Assets:			
Equipment	341,876	341,876	239,580
Less: Accumulated Depreciation	(264,364)	(264,364)	(196,973)
Total Noncurrent Assets	77,512	77,512	42,607
Total Assets	189,430	189,430	130,301
LIABILITIES			
Accounts Payable	173	173	32
Deferred Revenue	10,941	10,941	
Total Liabilities	11,114	11,114	32
NET ASSETS			
Invested in Capital Assets	77,512	77,512	42,607
Unrestricted	100,804	100,804	87,662
Total Net Assets	\$178,316	178,316	130,269

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

**MOUNT HOLLY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTALS	
		(MEMORANDUM ONLY)	
		JUNE 30, 2012	JUNE 30, 2011
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$86,849	86,849	95,539
Daily Sales - Non-Reimbursable Programs	14,773	14,773	34,052
Satellite Lunch Program - Westampton	37,409	37,409	42,997
Special Functions	19,217	19,217	11,013
Total Operating Revenues	158,248	158,248	183,601
Operating Expenses:			
Salaries & Benefits	180,934	180,934	168,537
Supplies	17,531	17,531	13,147
Depreciation	19,238	19,238	
Management Fee	15,825	15,825	15,450
Cost of Sales	222,939	222,939	216,710
Direct Services	10,784	10,784	6,251
Total Operating Expenses	467,251	467,251	420,095
Operating Income/(Loss)	(309,003)	(309,003)	(236,494)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	5,788	5,788	5,706
Federal Sources:			
National School Lunch Program	225,803	225,803	206,434
National School Breakfast Program	36,409	36,409	32,662
Special Milk Program	1,422	1,422	951
Food Distribution Program	32,988	32,988	22,304
NSLP Equipment Assistance Grant			11,304
Local Sources:			
Gain on Adjustment to Fixed Assets	54,143	54,143	5,274
Interest Revenue	497	497	592
Total Nonoperating Revenues/(Expenses)	357,050	357,050	285,227
Change in Net Assets	48,047	48,047	48,733
Total Net Assets - Beginning	130,269	130,269	81,536
Total Net Assets - Ending	\$178,316	178,316	130,269

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

**MOUNT HOLLY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES -		
	ENTERPRISE FUND	TOTALS	
	FOOD SERVICE FUND	JUNE 30, 2012	JUNE 30, 2011
		(MEMORANDUM ONLY)	
Cash Flows From Operating Activities:			
Receipts from Customers	\$169,411	169,411	177,405
Payments to Employees	(180,934)	(180,934)	(168,537)
Payments to Suppliers	(236,255)	(236,255)	(229,307)
Net Cash Provided/(Used) by Operating Activities	(247,778)	(247,778)	(220,439)
Cash Flows From Noncapital Financing Activities:			
Cash Received from State & Federal Reimbursements	268,611	268,611	254,283
Net Cash Provided/(Used) by Noncapital Financing Activities	268,611	268,611	254,283
Cash Flows From Capital & Related Financing Activities:			
Purchases of Capital Assets			(4,428)
Net Cash Provided/(Used) by Noncapital Financing Activities			(4,428)
Cash Flows From Investing Activities:			
Interest & Dividends	497	497	592
Net Cash Provided/(Used) by Investing Activities	497	497	592
Net Increase/(Decrease) in Cash & Cash Equivalents	21,330	21,330	30,008
Balances - Beginning of Year	59,841	59,841	29,833
Balances - End of Year	\$81,171	81,171	59,841
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	(\$309,003)	(309,003)	(236,494)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	19,238	19,238	
Food Distribution Program	32,988	32,988	22,304
(Increase)/Decrease in Receivables	222	222	(1,970)
(Increase)/Decrease in Inventories	(2,305)	(2,305)	(54)
Increase/(Decrease) in Accounts Payable	141	141	1
Increase/(Decrease) in Deferred Revenues	10,941	10,941	(4,226)
Total Adjustments	61,225	61,225	16,055
Net Cash Provided/(Used) by Operating Activities	(\$247,778)	(247,778)	(220,439)

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

Fiduciary Funds

**MOUNT HOLLY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT		TOTALS	
	COMPENSATION TRUST	AGENCY FUND	JUNE 30, 2012	JUNE 30, 2011
Cash & Cash Equivalents	\$370,795	34,166	404,961	108,127
Total Assets	370,795	34,166	404,961	108,127
LIABILITIES				
Payroll Deductions & Withholdings		1,211	1,211	100,910
Interfund Payable		23,780	23,780	341
Due to Student Groups		9,175	9,175	6,543
Total Liabilities		34,166	34,166	107,794
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	370,795		370,795	333
Total Net Assets	\$370,795	-	370,795	333

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

**MOUNT HOLLY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	PRIVATE PURPOSE	TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
ADDITIONS:			
Contributions:			
General Fund Appropriation	\$380,000	380,000	
Employee Contributions	9,467	9,467	
Total Contributions	389,467	389,467	
Investment Earnings:			
Net Investment Earnings	\$1,077	1,077	333
Total Investment Earnings	1,077	1,077	333
Total Additions	390,544	390,544	333
DEDUCTIONS:			
Unemployment Claims	20,082	20,082	53,669
Total Deductions	20,082	20,082	53,669
Change in Net Assets	370,462	370,462	(53,336)
Net Assets - Beginning of the Year	333	333	53,669
Net Assets - End of the Year	\$370,795	370,795	333

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

**MOUNT HOLLY SCHOOL DISTRICT
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

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

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

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

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2012 and for the year then ended with comparative totals as of and for the year ended June 30, 2011 (Memorandum Only).

A. Reporting Entity

The Mount Holly Board of Education is a Type II District located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as, special education for handicapped youngsters. The District is comprised of three elementary schools located in Mount Holly. The Mount Holly Board of Education has an approximate enrollment at June 30, 2012 of 992 students.

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

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED JUNE 30, 2012

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

A. Reporting Entity (continued):

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

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

B. District-Wide and Fund Financial Statements

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

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

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

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

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

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

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

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

D. Fund Accounting

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

Governmental Funds

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

D. Fund Accounting (continued):

As required by the New Jersey Department of Education, Mount Holly Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

Proprietary Fund

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012

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

D. Fund Accounting (continued):

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

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

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

Fiduciary Fund

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

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

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

E. Basis of Accounting

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

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012

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

E. Basis of Accounting (continued):

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

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

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

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

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

F. Budgets/Budgetary Control (continued):

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$18,312,270	\$1,083,358
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	794,724	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(891,211)	

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

F. Budgets/Budgetary Control (continued):

	General Fund	Special Revenue Fund
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized	_____	34,555
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$18,215,783</u>	<u>\$1,117,913</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$16,952,147</u>	<u>\$1,083,358</u>
Differences – Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	_____	34,555
Total expenditures as reported on the statement of Revenues, expenditures and changes in fund balances – governmental funds	<u>\$16,952,147</u>	<u>\$1,117,913</u>

G. Encumbrances

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

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

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

H. Cash and Cash Equivalents

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

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

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

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

I. Short-Term Interfund Receivables/Payables

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

J. Fixed Assets

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

J. Fixed Assets (continued):

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

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

K. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2012 for such salaries.

L. Compensated Absences

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

O. Fund Equity

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

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

P. Subsequent Events:

Mount Holly Board of Education has evaluated subsequent events occurring after June 30, 2012 through the date of August 22, 2012, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2012 and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	\$4,443,908
Total Deposits	<u>\$4,443,909</u>
The District's Cash & Cash Equivalents are Reported as Follows:	
Government Activities	\$3,957,776
Business-Type Activities	81,171
Fiduciary Fund	<u>404,961</u>
Total Cash & Cash Equivalents	<u>\$4,443,908</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does have a deposit policy for custodial credit risk. As of June 30, 2012, the District's bank balance of \$5,329,381 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's Name	
Under GUDPA (See Note 3)	<u>5,079,381</u>
Total	<u>\$5,329,381</u>

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

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

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

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

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

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

MOUNT HOLLY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012

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

Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

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

Note 4. Reserve Accounts

A. Capital Reserve Account

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

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

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

Beginning Balance, July 1, 2011	\$1,468,436
Increase from transfer from Unreserved Fund Balance	800,000
Interest Earnings	<u>8,937</u>
Ending Balance, June 30, 2012	<u>\$2,277,373</u>

B. Maintenance Reserve Account

Mount Holly School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget. There is a balance of \$443,607 at June 30, 2012.

MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012

Note 4. Reserve Accounts (continued):

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance 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.

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	\$440,924
Interest Earned	<u>2,683</u>
Ending Balance, June 30, 2012	<u>\$443,607</u>

C. Emergency Reserve Account

Mount Holly School District established an Emergency Reserve Account for the accumulation of funds for use to finance unanticipated general fund expenditures required for a thorough and efficient education. The Maintenance Reserve Account is maintained in the general fund and has a balance of \$250,000 at June 30, 2012.

A district may increase the balance in the emergency reserve by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The maximum balance permitted at any time in the emergency reserve is the greater of \$250,000 or 1 percent of the general fund budget, not to exceed \$1 million.

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

Balance, June 30, 2012 and 2011	<u>\$250,000</u>
---------------------------------	------------------

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2012, the District transferred \$71,156 to capital outlay accounts.

Note 6. Fixed Assets

The following schedule is a summarization of the general fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2012:

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 6. Fixed Assets (continued):

Governmental Activities:	June 30, 2011	Additions	Adjustments/ Disposals	June 30, 2012
Capital Assets Not Being Depreciated:				
Land	\$ 9,786,500			\$ 9,786,500
Capital Assets Being Depreciated:				
Site Improvements	530,080		\$ (1,181)	528,899
Building & Building Improvements	5,068,630		847	5,069,477
Equipment	2,396,181	\$169,598	(63,122)	2,502,657
Less: Accumulated Depreciation	<u>(6,119,094)</u>	<u>(179,503)</u>	<u>(227,137)</u>	<u>(6,525,734)</u>
Total Assets Being Depreciated, Net	<u>1,875,797</u>	<u>(9,905)</u>	<u>(290,593)</u>	<u>1,575,299</u>
Governmental Activities Capital Assets, Net	<u>\$11,662,297</u>	<u>\$ (9,905)</u>	<u>\$(290,593)</u>	<u>\$11,361,799</u>

Business-Type Activities:

Capital Assets Being Depreciated:				
Equipment	\$239,580		\$102,296	\$341,876
Less: Accumulated Depreciation	<u>(196,973)</u>	<u>\$(19,238)</u>	<u>(48,153)</u>	<u>(264,364)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,607</u>	<u>\$(19,238)</u>	<u>\$ 54,143</u>	<u>\$ 77,512</u>

Note 7. Receivables

Receivables at June 30, 2012 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectable in full due to the stable condition of the other governmental units, State programs and the current year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$140,460		\$ 297	\$140,757
Federal Aid	59,845	\$174,282	13,938	248,065
Other	33,401		1,748	35,149
Total	<u>\$233,706</u>	<u>\$174,282</u>	<u>\$15,983</u>	<u>\$423,971</u>

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 8. Long-Term Obligations

During the fiscal year ended June 30, 2012 the following changes occurred in long-term obligations:

	Balance 6/30/11	Increase/ (Decrease)	Adj.	Balance 6/30/12	Due Within One Year
Capital Lease Payable	\$ 294,780	\$(48,707)	\$(60,746)	\$185,327	\$51,116
Compensated Absences Payable	<u>758,589</u>	<u>18,081</u>		<u>776,670</u>	
Total	<u>\$1,053,369</u>	<u>\$(30,626)</u>	<u>\$(60,746)</u>	<u>\$961,997</u>	<u>\$51,116</u>

Obligations Under Capital Leases

The District is leasing copiers totaling \$294,780 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2012:

Year-ending June 30,	Amount
2013	\$ 58,956
2014	58,956
2015	58,956
2016	<u>24,565</u>
 Total Minimum Lease Payments	 201,433
Less: Amount Representing Interest	<u>(16,106)</u>
 Present Value of Lease Payments	 <u>\$185,327</u>

Note 9. Pension Plans

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 9. Pension Plans (continued):

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 9. Pension Plans (continued):

allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

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

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation, as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$217,500	100%	\$ -0-
6/30/11	189,874	100%	-0-
6/30/10	167,211	100%	-0-

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 9. Pension Plans (continued):

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ *N/A	100%	\$ -0-
6/30/11	526,397	100%	-0-
6/30/10	486,722	100%	-0-

During the year ended June 30, 2012 the State of New Jersey contributed to the TPAF for normal and post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$549,083 for the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the Basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

*Not Available - See Note 20.

Note 10. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

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.

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 11. Risk Management (continued):

Property and Liability Insurance – The District maintains commercial insurance coverage for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2011-2012	\$380,000	\$ 9,467	\$1,077	\$20,082	\$370,795
2010-2011	None	None	333	53,669	333
2009-2010	None	19,082	101	None	53,669

Note 12. Contingencies

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined statements for such contingencies.

Note 13. Economic Dependency

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 13. Economic Dependency (continued):

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

Note 14. GASB #54 – Fund Balance Disclosures

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

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

General Fund – of the \$4,018,833 General Fund fund balance at June 30, 2012, \$2,277,373 has been restricted for the Capital Reserve Account; \$250,000 has been restricted for the Emergency Reserve Account; \$443,607 has been restricted for the Maintenance Reserve Account; \$420,968 is restricted for excess surplus designated for subsequent years expenditures; \$519,616 is restricted for excess surplus; \$107,269 is assigned to designated by the Board of Education for subsequent year's expenditures, \$0 is assigned to other purposes and \$0 is unassigned.

Note 15. Interfund Receivables and Payables

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 15. Interfund Receivables and Payables (continued):

Fund	Interfund Receivable	Interfund Payable
General Fund	\$23,780	\$42,851
Special Revenue Fund	42,851	
Trust & Agency Fund	<u> </u>	<u>23,780</u>
Total	<u>\$66,631</u>	<u>\$66,631</u>

The purpose of the interfunds are short-term borrowings.

Note 16. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The District has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for these plans. All amounts of compensation deferred under the plans, all property and rights purchases with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and are not subject to claims of the District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements. The plan administrators are as follows:

Lincoln Investments	Equitable
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Note 17. Compensated Absences

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

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

MOUNT HOLLY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 17. Compensated Absences (continued):

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2012 is \$776,670.

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 fund types.

Note 18. Deficit Unrestricted Net Assets

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$(854,728) existed as of June 30, 2012 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events that place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

Note 19. Calculation of Excess Surplus

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$519,616.

Note 20. TPAF Contributions

Due to a paperwork error in 2010, the Mount Holly School District did not have their pension information submitted to the Department of Treasury within the time frame necessary to be included in the July 1, 2010 actuarial valuation. The actuarial valuation performed on July 1, 2010 determines the contribution requirements for all school districts for the 2012 fiscal year. While the District was not included in this valuation and has no amount to report during 2012, employee's pension is not effected in anyway and there is no net effect on the District's June 30, 2012 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules



**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	10-1210	\$7,157,227		7,157,227	7,157,227		7,016,889		7,016,889	7,016,889	
Interest on Capital Reserve	10-1XXX	2,000		2,000	8,938	6,938	5,000		5,000	17,496	12,496
Tuition	10-1300				86,665	86,665				283,447	283,447
Other Restricted Miscellaneous	10-1XXX						24,000		24,000	19,291	(4,709)
Unrestricted Miscellaneous	10-1XXX	8,059		8,059	48,984	40,925	41,000		41,000	76,017	35,017
Total Local Sources		7,167,286		7,167,286	7,301,814	134,528	7,086,889		7,086,889	7,413,140	326,251
State Sources:											
Categorical Transportation Aid	10-3121	135,776		135,776	135,776		135,776		135,776	135,776	
Categorical Special Education Aid	10-3132	494,395		494,395	494,395		494,395		494,395	494,395	
Equalization Aid	10-3176	7,717,973		7,717,973	7,717,973		7,717,973		7,717,973	7,717,973	
Categorical Security Aid	10-3177	254,948		254,948	254,948		254,948		254,948	254,948	
Adjustment Aid	10-3178	1,145,394		1,145,394	1,323,754	178,360	967,034		967,034	967,034	
Extraordinary Aid	10-3131	11,500		11,500	78,086	66,586	11,500		11,500	37,129	25,629
Other State Aid -											
Homeless Reimbursement	10-3xxx				31,610	31,610				135,221	135,221
Nonpublic School Transportation					3,828	3,828				5,046	5,046
Nonbudgeted:											
On-Behalf TPAF Pension Contributions										526,397	526,397
Reimbursed TPAF Social Security Contributions					549,083	549,083				596,084	596,084
Total State Sources		9,759,986		9,759,986	10,589,453	829,467	9,581,626		9,581,626	10,870,003	1,288,377
Federal Sources:											
Education Jobs Fund	18-4522	346,682	10,861	357,543	357,543						
Medicaid Reimbursement	10-4200	28,926		28,926	63,460	34,534	33,940		33,940	51,044	17,104
Total Federal Services		375,608	10,861	386,469	421,003	34,534	33,940		33,940	51,044	17,104
Total Revenues		17,302,880	10,861	17,313,741	18,312,270	998,529	16,702,455		16,702,455	18,334,187	1,631,732

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Pre-Kindergarten	11-105-100-101		2,364	2,364		2,364					
Kindergarten	11-110-110-101	352,761	(4,405)	348,356	312,256	36,100	292,928	52,916	345,844	345,844	
Grades 1 - 5	11-120-100-101	2,112,611	(113,144)	1,999,467	1,813,383	186,084	2,241,932	(88,625)	2,153,307	2,110,199	43,108
Grades 6 - 8	11-130-100-101	1,468,444	63,018	1,531,462	1,445,909	85,553	1,486,141	(21,104)	1,465,037	1,457,206	7,831
Regular Programs - Home Instruction:											
Salaries of Teachers	11-150-100-101	7,000	189	7,189	7,189		4,000		4,000	3,190	810
Purchased Professional & Educational Services	11-150-100-320	1,500	332	1,832	1,831	1	1,500		1,500	1,333	167
Regular Programs - Undistributed:											
Other Salaries for Instruction	11-190-100-106	205,286	(15,892)	189,394	181,880	7,514	177,416	14,127	191,543	154,599	36,944
Purchased Professional & Educational Services	11-190-100-320	207,600	1,688	209,288	203,097	6,191	99,600	4,000	103,600	103,600	
Purchased Technical Services	11-190-100-340	32,588	(1,310)	31,278	31,277	1	45,800	5,000	50,800	50,566	234
Other Purchased Services	11-190-100-500	66,535	209	66,744	64,837	1,907	144,182	(100,191)	43,991	43,395	596
General Supplies	11-190-100-610	178,841	24,188	203,029	199,518	3,511	169,039	(33,778)	135,261	131,057	4,204
Textbooks	11-190-100-640	5,483	90,909	96,392	93,757	2,635	37,128	(35,546)	1,582	1,582	
Total Instruction - Regular Programs		4,638,649	48,146	4,686,795	4,354,934	331,861	4,699,666	(203,201)	4,496,465	4,402,571	93,894
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	62,575	73,785	136,360	132,009	4,351	61,348		61,348	61,348	
Other Salaries for Instruction	11-212-100-106	19,642	12,001	31,643	30,695	948	19,874	(617)	19,257	19,257	
Purchased Professional & Educational Services	11-212-100-320	23,100		23,100	23,100		21,000		21,000	21,000	
Total Multiple Disabilities		105,317	85,786	191,103	185,804	5,299	102,222	(617)	101,605	101,605	
Resource Room/Center:											
Salaries of Teachers	11-213-100-101	1,611,858	(128,408)	1,483,450	1,410,291	73,159	1,321,610	(21,771)	1,299,839	1,298,242	1,597
Other Salaries for Instruction	11-213-100-106	204,277	(23,318)	180,959	176,977	3,982	175,383	30,071	205,454	193,759	11,695
Purchased Professional & Educational Services	11-213-100-320	49,500	(441)	49,059	49,000	59	40,000		40,000	39,827	173
General Supplies	11-213-100-610	2,196	(1,500)	696	531	165	3,286	(2,559)	727	705	22
Other Objects	11-213-100-800	324	(259)	65		65	324	(324)			

55

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Resource Room/Center		1,868,155	(153,926)	1,714,229	1,636,799	77,430	1,540,603	5,417	1,546,020	1,532,533	13,487
Preschool Disabilities - Part Time:											
Salaries of Teachers	11-215-100-101		1,091	1,091		1,091					
Other Salaries for Instruction	11-215-100-106		259	259		259					
Total Preschool Disabilities - Part Time			1,350	1,350		1,350					
Preschool Disabilities - Full Time:											
Salaries of Teachers	11-216-100-101		49,369	49,369	48,502	867					
Other Salaries of Instruction	11-216-100-106		11,752	11,752	11,752						
Total Preschool Disabilities - Full Time			61,121	61,121	60,254	867					
Total Special Education		1,973,472	(5,669)	1,967,803	1,882,857	84,946	1,642,825	4,800	1,647,625	1,634,138	13,487
Instruction:											
Basic Skills/Remedial - Instruction:											
Salaries of Teachers	11-230-100-101		4,725	4,725		4,725					
Total Basic Skills/Remedial - Instruction			4,725	4,725		4,725					
Bilingual Education - Instruction:											
Salaries of Teachers	11-240-100-101	165,756	(6,573)	159,183	155,436	3,747	162,506		162,506	162,506	
Other Salaries for Instruction	11-240-100-106						20,261	(15,587)	4,674		4,674
Purchased Professional & Educational Services	11-240-100-320	1,000	646	1,646	1,591	55	1,000		1,000		1,000
General Supplies	11-240-100-610	500		500	265	235	500	230	730	730	
Total Bilingual Education - Instruction		167,256	(5,927)	161,329	157,292	4,037	184,267	(15,357)	168,910	163,236	5,674
School Sponsored Cocurricular Activities:											
Salaries of Teachers	11-401-100-101	152,911	15,509	168,420	145,802	22,618	108,382	57,864	166,246	152,795	13,451
Purchased Services	11-401-100-500	16,888	9,296	26,184	22,286	3,898	3,500	1,014	4,514	4,514	
Supplies and Materials	11-401-100-600	14,100	(8,129)	5,971	5,401	570	1,750	2,540	4,290	4,125	165
Total School Sponsored Cocurricular Activities		183,899	16,676	200,575	173,489	27,086	113,632	61,418	175,050	161,434	13,616
School Sponsored Athletics - Instruction:											
Salaries of Teachers	11-402-100-100	14,460	(2,474)	11,986	10,769	1,217		8,419	8,419	8,419	
Purchased Services	11-402-100-500	2,500	(1,045)	1,455	1,130	325					
Supplies and Materials	11-402-100-600		2,298	2,298	2,298						

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total School Sponsored Athletics-Instruction	16,960	(1,221)	15,739	14,197	1,542		8,419	8,419	8,419	
Other Instructional Programs - Instruction:										
Salaries of Teachers 11-403-100-101	81,323	2,474	83,797	79,728	4,069	79,728		79,728	79,728	
Supplies and Materials 11-403-100-600	3,305	(588)	2,717	1,524	1,193	4,005	(1,409)	2,596	2,518	78
Total Other Instructional Programs - Instruction	84,628	1,886	86,514	81,252	5,262	83,733	(1,409)	82,324	82,246	78
Before & After School Programs - Instruction:										
Salaries of Teachers 11-421-100-101	4,000		4,000		4,000					
Purchased Professional & Technical Services 11-421-100-300	4,000	(150)	3,850		3,850					
Supplies and Materials 11-421-100-600	4,129	(2,129)	2,000	377	1,623					
Total Before & After School Programs - Instruction:	12,129	(2,279)	9,850	377	9,473					
Total Instruction	464,872	13,860	478,732	426,607	52,125	381,632	53,071	434,703	415,335	19,368
Undistributed Expenditures:										
Tuition to Other LEA's - Within State										
Regular 11-000-100-561	94,367	12,286	106,653	106,653			82,074	82,074	78,347	3,727
Tuition to Other LEA's - Within State										
Special 11-000-100-562	92,158	(19,518)	72,640	50,206	22,434	274,757	(144,736)	130,021	125,707	4,314
Tuition to County Special Services & Regular Day Schools 11-000-100-565	1,223,697		1,223,697	1,181,245	42,452	1,373,532	26,489	1,400,021	1,399,949	72
Tuition to Private Schools - Handicapped Within State 11-000-100-566	316,622	617	317,239	305,903	11,336	179,414	127,119	306,533	302,473	4,060
Total Undistributed Expenditures - Instruction	1,726,844	(6,615)	1,720,229	1,644,007	76,222	1,827,703	90,946	1,918,649	1,906,476	12,173
Attendance & Social Work Services:										
Salaries 11-000-211-100	12,459		12,459	10,460	1,999	12,315		12,315	10,928	1,387
Other Purchased Services 11-000-211-500		274	274	274						
Total Attendance & Social Work Services	12,459	274	12,733	10,734	1,999	12,315		12,315	10,928	1,387
Health Services:										
Salaries 11-000-213-100	223,585	(15,284)	208,301	200,526	7,775	192,173	9,150	201,323	201,182	141
Purchased Professional & Educational Services 11-000-213-300	9,800	(500)	9,300	9,300		9,800	(188)	9,612	9,612	
Other Purchased Services 11-000-213-500	100		100	20	80					
Supplies and Materials 11-000-213-600	2,189	375	2,564	2,564		100	3,052	3,152	3,139	13
Other Objects 11-000-213-800						2,791	(2,791)			

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Health Services	235,674	(15,409)	220,265	212,410	7,855	204,864	9,223	214,087	213,933	154
Other Support Services - Students - Related Services:										
Salaries 11-000-216-100	250,536	615	251,151	245,624	5,527	245,624		245,624	245,624	
Purchased Professional & Educational Services 11-000-216-320	9,215	(9,215)				24,100	(19,175)	4,925	4,856	69
Supplies and Materials 11-000-216-600	800	(800)				800	(800)			
Other Objects 11-000-216-800	100	(100)				100	(100)			
Total Other Support Services - Students - Related Services	260,651	(9,500)	251,151	245,624	5,527	270,624	(20,075)	250,549	250,480	69
Other Support Services - Students - Extra:										
Salaries 11-000-217-100		21,801	21,801	2,465	19,336					
Total Other Support Services - Students - Extra		21,801	21,801	2,465	19,336					
Other Support Services - Students - Regular:										
Salaries of Other Professional Staff 11-000-218-104	250,271	206	250,477	239,365	11,112	245,364		245,364	245,364	
Supplies and Materials 11-000-218-600	1,825	(261)	1,564	1,540	24	1,755	(204)	1,551	1,516	35
Total Other Support Services - Students - Regular	252,096	(55)	252,041	240,905	11,136	247,119	(204)	246,915	246,880	35
Other Support Services - Students - Special Services:										
Salaries of Other Professional Staff 11-000-219-104	365,594	11,098	376,692	368,416	8,276	423,066	(38,891)	384,175	383,390	785
Salaries of Secretarial & Clerical Assistants 11-000-219-105	102,741	4,442	107,183	99,526	7,657	100,726	(1,000)	99,726	99,526	200
Other Purchased Professional & Technical Services 11-000-219-390	2,900		2,900	2,389	511					
Miscellaneous Purchased Services 11-000-219-592	2,700	(1,101)	1,599	809	790	3,360	(1,610)	1,750	724	1,026
Supplies and Materials 11-000-219-600	3,750	(676)	3,074	726	2,348	3,700	(500)	3,200	2,662	538
Other Objects 11-000-219-800	1,400	(580)	820		820	1,350		1,350	1,274	76
Total Other Support Services - Students - Special Services	479,085	13,183	492,268	471,866	20,402	532,202	(42,001)	490,201	487,576	2,625

58

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Improvement of Instructional Services:											
Salaries of Supervisor of Instruction	11-000-221-102	55,437	(9,326)	46,111	44,729	1,382	42,500	4,853	47,353	47,353	
Salaries of Other Professional Staff	11-000-221-104	25,137	(1,750)	23,387	15,880	7,507					
Salaries of Secretarial & Clerical Assistants	11-000-221-105	18,721	1,524	20,245	18,587	1,658	18,355		18,355	18,354	1
Other Purchased Services	11-000-221-500	4,557	(3,146)	1,411	1,186	225	1,307	702	2,009	2,009	
Supplies and Materials	11-000-221-600	5,500	(235)	5,265	5,167	98	4,400	2,587	6,987	5,897	1,090
Other Objects	11-000-221-800	1,000	(150)	850	849	1		849	849	849	
Total Improvement of Instructional Services		110,352	(13,083)	97,269	86,398	10,871	66,562	8,991	75,553	74,462	1,091
Educational Media Services/School Library:											
Salaries	11-000-222-100	96,563	766	97,329	94,986	2,343	53,819	(11,243)	42,576	42,576	
Other Purchased Professional & Technical Services	11-000-222-300		820	820	820						
Supplies and Materials	11-000-222-600	20,910	4,696	25,606	25,455	151	18,550	3,586	22,136	17,316	4,820
Other Objects	11-000-222-800	6,300	(4,800)	1,500	1,500			6,287	6,287	6,287	
Total Educational Media Services/School Library		123,773	1,482	125,255	122,761	2,494	72,369	(1,370)	70,999	66,179	4,820
Instructional Staff Training Services:											
Salaries of Supervisor of Instructor	11-000-223-102	45,237	660	45,897	44,828	1,069	42,500	(1,153)	41,347	41,347	
Salaries of Secretarial & Clerical Assistants	11-000-223-105	18,722	1,520	20,242	18,354	1,888	18,355		18,355	18,354	1
Purchased Professional & Educational Services	11-000-223-320	10,000		10,000	10,000		76,900	(1,551)	75,349	75,349	
Other Purchased Services	11-000-223-500	750	295	1,045	873	172	4,550	(2,100)	2,450	2,341	109
Other Objects	11-000-223-800		50	50	50		1,750	(849)	901	30	871
Total Instructional Staff Training Services		74,709	2,525	77,234	74,105	3,129	144,055	(5,653)	138,402	137,421	981
Support Services - General Administration:											
Salaries	11-000-230-100	212,828	5,778	218,606	216,146	2,460	203,595	38,141	241,736	241,384	352
Legal Services	11-000-230-331	40,250	(1,967)	38,283	35,756	2,527	17,000	10,000	27,000	26,796	204
Audit Services	11-000-230-332	26,100	(2,600)	23,500	23,500		25,300	(5,000)	20,300	20,300	
Architectural/Engineering Services	11-000-230-334	2,500	6,270	8,770	770	8,000	2,000	169	2,169	2,169	
Other Purchased Professional Services	11-000-230-339	3,300	(2,270)	1,030		1,030	3,300	758	4,058	4,058	

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Support Services - General Administration (continued):											
Communications/Telephone	11-000-230-530	84,800	(3,491)	81,309	57,754	23,555	18,000	58,681	76,681	59,537	17,144
BOE Other Purchased Services	11-000-230-585	4,350	(1,397)	2,953	1,563	1,390	1,650	(1,481)	169	111	58
Other Purchased Services	11-000-230-590	20,907	(2,250)	18,657	15,389	3,268	84,177	3,324	87,501	87,111	390
Supplies & Materials	11-000-230-610	5,500	2,047	7,547	7,513	34	2,800	(730)	2,070	1,990	80
BOE In-House Training/Supplies	11-000-230-630	500		500		500					
Judgements Against District	11-000-230-820		130	130	129	1	500	(74)	426	222	204
Miscellaneous Expenditures	11-000-230-890	1,914	1,000	2,914	1,658	1,256	1,875		1,875	1,439	436
BOE Membership Dues & Fees	11-000-230-895	10,235	870	11,105	9,714	1,391	10,235		10,235	9,284	951
Total Support Services General Administration		413,184	2,120	415,304	369,892	45,412	370,432	103,788	474,220	454,401	19,819
Support Services - School Administration:											
Salaries of Principals/Assistants											
Principals	11-000-240-103	361,264	34,072	395,336	382,075	13,261	405,300	15,913	421,213	416,186	5,027
Salaries of Secretarial & Clerical Assistants											
Assistants	11-000-240-105	279,688	4,260	283,948	274,399	9,549	274,204	10,009	284,213	277,374	6,839
Other Purchased Services	11-000-240-500	1,650	(1,353)	297	17	280	1,150	1,405	2,555	1,555	1,000
Supplies & Materials	11-000-240-600	11,700	(1,484)	10,216	6,054	4,162	13,900	(3,677)	10,223	9,989	234
Other Objects	11-000-240-800	3,900	(998)	2,902	2,902		3,800	1,970	5,770	5,770	
Total Support Services School Administration		658,202	34,497	692,699	665,447	27,252	698,354	25,620	723,974	710,874	13,100
Central Services:											
Salaries	11-000-251-100	244,812	3,271	248,083	244,513	3,570	240,012	4,000	244,012	243,453	559
Purchased Professional Services	11-000-251-330	12,790	70	12,860	12,245	615	8,540	6,098	14,638	14,589	49
Miscellaneous Purchased Services	11-000-251-592	10,607	(2,486)	8,121	7,522	599	9,407	(4,149)	5,258		5,258
Supplies & Materials	11-000-251-600	8,115	(852)	7,263	6,742	521	9,280	742	10,022	1,038	8,984
Miscellaneous Expenditures	11-000-251-890	1,720	2,250	3,970	2,121	1,849	3,200	(465)	2,735	2,561	174
Total Central Services		278,044	2,253	280,297	273,143	7,154	270,439	6,226	276,665	261,641	15,024
Admin Info Technology:											
Salaries	11-000-252-100		702	702		702					
Purchased Technical Services	11-000-252-340	56,528	(291)	56,237	54,987	1,250	57,628	5,517	63,145	61,045	2,100
Supplies & Materials	11-000-252-600	20,250	5,267	25,517	25,250	267	10,000	8,445	18,445	14,187	4,258
Total Admin Info Technology		76,778	5,678	82,456	80,237	2,219	67,628	13,962	81,590	75,232	6,358

09

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Regular Maintenance School Facilities:											
Cleaning, Repairs & Maintenance											
Services	11-000-261-420	8,002	70,318	78,320	78,228	92	10,750	120,885	131,635	16,442	115,193
Travel	11-000-261-580		637	637	392	245					
General Supplies	11-000-261-610	61,785	(14,545)	47,240	39,321	7,919	63,435	(5,768)	57,667	36,957	20,710
Other Objects	11-000-261-800	1,205		1,205	355	850		60	60	60	
Total Regular Maintenance School Facilities		70,992	56,410	127,402	118,296	9,106	74,185	115,177	189,362	53,459	135,903
Operation & Maintenance of Plant Services & School Facilities:											
Salaries	11-000-262-100	745,599	20,383	765,982	712,464	53,518	723,583	58,933	782,516	729,120	53,396
Salaries of Non-Instructional Aides	11-000-262-107	79,513	1,518	81,031	80,014	1,017	91,665	(5,299)	86,366	77,429	8,937
Purchased Professional & Technical Services											
Cleaning, Repair & Maintenance Services	11-000-262-300	9,200	13,945	23,145	7,629	15,516	6,200	(666)	5,534	4,273	1,261
Rental of Land & Buildings	11-000-262-420	44,568	832	45,400	41,598	3,802	43,918		43,918	38,499	5,419
Other Purchased Property Services	11-000-262-441		210	210	105	105		439	439	439	
Insurance	11-000-262-490	29,700		29,700	26,318	3,382	27,000		27,000	26,375	625
Travel	11-000-262-520	70,650	(2,606)	68,044	64,369	3,675	600		600	215	385
General Supplies	11-000-262-580							126	126	126	
Energy (Heat & Electricity)	11-000-262-610	64,508	2,658	67,166	66,649	517	62,530	(1,900)	60,630	41,612	19,018
Energy (Natural Gas)	11-000-262-620										
Energy (Electricity)	11-000-262-621	187,000	(14,569)	172,431	82,868	89,563	277,600	(110,958)	166,642	112,494	54,148
Other Objects	11-000-262-622	245,960	(19,495)	226,465	170,521	55,944	192,581	31,374	223,955	199,947	24,008
	11-000-262-800						1,230		1,230	810	420
Total Operation & Maintenance of Plant Services & School Facilities		1,476,698	2,876	1,479,574	1,252,535	227,039	1,426,907	(27,951)	1,398,956	1,231,339	167,617
Care & Upkeep of Grounds:											
Cleaning, Repair & Maintenance Service											
General Supplies	11-000-263-420	2,350	9,692	12,042	4,215	7,827		1,900	1,900	1,900	
	11-000-263-610	11,450	8,593	20,043	17,212	2,831		866	866	449	417
Total Care & Upkeep of Grounds		13,800	18,285	32,085	21,427	10,658		2,766	2,766	2,349	417
Undistributed Expenditures- Security:											
Purchased Professional & Technical Services											
Cleaning, Repair & Maintenance Service	11-000-266-300	4,600		4,600	3,749	851					
General Supplies	11-000-266-420	25,010	(3,563)	21,447	16,172	5,275	22,850		22,850	15,759	7,091
	11-000-266-610	14,665	(6,627)	8,038	515	7,523	1,950		1,950	621	1,329

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Security	44,275	(10,190)	34,085	20,436	13,649	24,800		24,800	16,380	8,420
Student Transportation Services:										
Management Fee - ESC & CTSA Transportation Program 11-000-270-350	30,000		30,000	13,869	16,131	30,000	(6,400)	23,600	17,223	6,377
Contracted Services (Between Home & School) - Vendors 11-000-270-512	3,000		3,000	2,200	800	10,890		10,890	8,740	2,150
Contracted Services (Special Education Students) - ESCs & CTSA 11-000-270-518	340,000	(34,625)	305,375	266,232	39,143	330,000	25,326	355,326	355,326	
Contracted Services - Aid in Lieu of Payments 11-000-270-503	27,000		27,000	20,398	6,602	28,288		28,288	25,711	2,577
Total Student Transportation Services	400,000	(34,625)	365,375	302,699	62,676	399,178	18,926	418,104	407,000	11,104
Unallocated Benefits Employee Benefits:										
Social Security Contributions 11-000-291-220	209,854	(6,680)	203,174	193,083	10,091	220,000	(23,017)	196,983	188,046	8,937
Other Retirement Contributions - Regular 11-000-291-241	217,500		217,500	217,500		167,211	22,663	189,874	189,874	
Unemployment Benefits 11-000-291-250	235,000	145,000	380,000	380,000		205,000	(48,926)	156,074	51,872	104,202
Workman's Compensation 11-000-291-260	124,440		124,440	123,643	797	122,000		122,000	115,478	6,522
Health Benefits 11-000-291-270	2,840,649	(220,329)	2,620,320	2,188,544	431,776	2,711,067	(43,016)	2,668,051	2,656,298	11,753
Tuition Reimbursement 11-000-291-280	56,000		56,000	31,610	24,390	56,000		56,000	37,138	18,862
Other Employee Benefits 11-000-291-290	161,200	77,377	238,577	225,471	13,106	179,000	(18,577)	160,423	150,650	9,773
Total Unallocated Benefits - Employee Benefits	3,844,643	(4,632)	3,840,011	3,359,851	480,160	3,660,278	(110,873)	3,549,405	3,389,356	160,049
Nonbudgeted:										
On-Behalf TPAF Pension Contributions									526,397	(526,397)
Reimbursed TPAF Social Security Contributions				549,083	(549,083)				596,084	(596,084)
Total Nonbudgeted				549,083	(549,083)				1,122,481	(1,122,481)
Total Undistributed Expenditures	10,552,259	67,275	10,619,534	10,124,321	495,213	10,370,014	187,498	10,557,512	11,118,847	(561,335)
Total Expenditures - Current Expense	17,629,252	123,612	17,752,864	16,788,719	964,145	17,094,137	42,168	17,136,305	17,570,891	(434,586)

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Capital Outlay:											
Interest to Capital Reserve	2,000		2,000		2,000	5,000		5,000		5,000	
Equipment:											
Regular Programs - Instruction:											
Grades 1 - 5	12-120-100-730	56,000	20,608	76,608	76,608		17,664	17,664	3,000	14,664	
Grades 6 - 8	12-130-100-730	28,000	(14,031)	13,969	13,969		7,999	7,999	6,000	1,999	
Support Services	12-000-220-730	4,700	(4,700)								
Administration Services	12-000-240-730		4,952	4,952	4,952						
Maintenance Services	12-000-261-730		2,559	2,559	2,559						
Custodial Services	12-000-262-730	2,250	(234)	2,016	2,016		2,555	2,555	2,555		
Security Services	12-000-266-730		37,376	37,376	37,376						
Total Equipment		90,950	46,530	137,480	132,528	4,952	28,218	28,218	11,555	16,663	
Facilities Acquisition & Construction Services:											
Architectural/Engineering Services	12-000-400-334		14,730	14,730	14,730						
Construction Services	12-000-400-450		9,896	9,896	9,896						
Other Objects	12-000-400-800	6,274		6,274	6,274	10,789		10,789	10,789		
Total Acquisition & Construction Services		6,274	24,626	30,900	30,900	10,789		10,789	10,789		
Assets Acquired Under Capital Leases (Nonbudgeted):											
Instruction									294,780	(294,780)	
Total Assets Acquired Under Capital Leases(Nonbudgeted)									294,780	(294,780)	
Total Capital Outlay		99,224	71,156	170,380	163,428	6,952	15,789	28,218	44,007	317,124	(273,117)
Total Expenditures		17,728,476	194,768	17,923,244	16,952,147	971,097	17,109,926	70,386	17,180,312	17,888,015	(707,703)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(425,596)	(183,907)	(609,503)	1,360,123	1,969,626	(407,471)	(70,386)	(477,857)	446,172	924,029

**MOUNT HOLLY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Financing Sources\ (Uses):										
Capital Leases (Nonbudgeted)									294,780	294,780
Sources Over/(Under) Expenditures & Other										
Financing Uses	(425,596)	(183,907)	(609,503)	1,360,123	1,969,626	(407,471)	(70,386)	(477,857)	740,952	1,218,809
Fund Balances, July 1	3,549,921		3,549,921	3,549,921		2,808,969		2,808,969	2,808,969	
64 Fund Balances, June 30	<u>\$3,124,325</u>	<u>(183,907)</u>	<u>2,940,418</u>	<u>4,910,044</u>	<u>1,969,626</u>	<u>2,401,498</u>	<u>(70,386)</u>	<u>2,331,112</u>	<u>3,549,921</u>	<u>1,218,809</u>

RECAPITULATION

Restricted Fund Balance:	
Reserve for Excess Surplus	\$519,616
Emergency Reserve	250,000
Maintenance Reserve	443,607
Capital Reserve Account	2,277,373
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	420,968
Assigned Fund Balance:	
Year-End Encumbrances	402,401
Designated for Subsequent Year's Expenditures	197,604
Unassigned Fund Balance	<u>398,475</u>
Subtotal	4,910,044
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(891,211)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u><u>\$4,018,833</u></u>

**MOUNT HOLLY SCHOOL DISTRICT
EDUCATION JOBS FUND PROGRAM -
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Federal Sources:						
Education Jobs Fund	18-4522	\$346,682	10,861	357,543	357,543	
Total Federal Sources		346,682	10,861	357,543	357,543	
Total Revenues		\$346,682	10,861	357,543	357,543	
Expenditures:						
Education Jobs Fund:						
Instruction - Regular Programs:						
Other Salaries for Instruction	18-190-100-106	\$93,870		93,870	93,870	
Resource Room: Other Salaries for Instruction	18-213-100-106	166,116	10,861	176,977	176,977	
Preschool Disabilities - Full Time: Other Salaries for Instruction	18-216-100-106	11,752		11,752	11,752	
Educational Media Services/School Library: Salaries of Teachers	18-000-222-100	43,234		43,234	43,234	
Operation & Maintenance of Plant Services & School Facilities: Salaries	18-000-262-100	31,710		31,710	31,710	
Total Education Jobs Fund		346,682	10,861	357,543	357,543	
Total Expenditures		\$346,682	10,861	357,543	357,543	

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	JUNE 30, 2012				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
Local Sources		14,872	14,872	5,183	(9,689)		5,000	5,000	128	(4,872)
State Sources	\$225,305	8,248	233,553	231,082	(2,471)	287,776	(287,776)		267,585	267,585
Federal Sources	757,910	211,018	968,928	847,093	(121,835)	1,305,189	388,430	1,693,619	1,371,452	(322,167)
Total - Revenues	983,215	234,138	1,217,353	1,083,358	(133,995)	1,592,965	105,654	1,698,619	1,639,165	(59,454)
EXPENDITURES:										
Instruction:										
Salaries of Teachers	298,538	226,230	524,768	509,102	15,666	646,511	20,405	666,916	666,596	320
Purchased Professional & Educational Services	65,698	17,364	83,062	80,918	2,144	159,690	4,926	164,616	140,791	23,825
Purchased Professional & Technical Services	76,642	(47,985)	28,657	26,105	2,552		7,205	7,205	6,030	1,175
General Supplies	21,721	74,408	96,129	45,193	50,936	19,920	119,752	139,672	135,112	4,560
Textbooks	10,802		10,802	10,564	238	12,164		12,164	12,150	14
Tuition	112,000	14,056	126,056	120,625	5,431	114,759	116,849	231,608	231,608	
Total Instruction	585,401	284,073	869,474	792,507	76,967	953,044	269,137	1,222,181	1,192,287	29,894
Support Services:										
Salaries						53,702		53,702	53,702	
Salaries of Secretaries & Clerical Assistants	1,200		1,200	1,200						
Other Salaries		1,631	1,631	1,631		2,340	(1,140)	1,200	1,200	
Personal Services - Employee Benefits	149,353	(60,076)	89,277	87,613	1,664	125,132	8,364	133,496	133,206	290
Purchased Professional - Educational Services	163,917	(3,103)	160,814	123,644	37,170	344,775	(137,991)	206,784	190,418	16,366

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	JUNE 30, 2012				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
Support Services (continued):										
Purchased Technical Services	58,814	(777)	58,037	51,764	6,273		5,590	5,590	5,590	
Other Purchased Services (400-500)	15,030	(3,297)	11,733	16,789	(5,056)	25,723	(10,771)	14,952	11,764	3,188
Supplies and Materials	9,500	15,687	25,187	8,210	16,977	50,289	(26,511)	23,778	9,880	13,898
Total Support Services	397,814	(49,935)	347,879	290,851	57,028	601,961	(162,459)	439,502	405,760	33,742
Facilities Acquisition & Construction Services:										
Instructional Equipment						37,960	(1,024)	36,936	41,118	(4,182)
Total Facilities Acquisition & Construction Services						37,960	(1,024)	36,936	41,118	(4,182)
Total Expenditures	1,245,463	(28,110)	1,217,353	1,083,358	133,995	1,592,965	105,654	1,698,619	1,639,165	59,454
Total Outflows	1,245,463	(28,110)	1,217,353	1,083,358	133,995	1,592,965	105,654	1,698,619	1,639,165	59,454
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**MOUNT HOLLY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C - Series)	\$18,312,270	1,083,358
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	794,724	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(891,211)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		<u>34,555</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$18,215,783</u>	<u>1,117,913</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$16,952,147</u>	<u>1,083,358</u>
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		<u>34,555</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$16,952,147</u>	<u>1,117,913</u>

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budgets Schedules

Not Applicable

E. Special Revenue Fund

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	CHAPTER 192 AUXILIARY SERVICES			
	NONPUBLIC		COMPENSATION	
	TEXTBOOK	NURSING	EDUCATION	TRANSPORTATION
Revenues:				
State Sources	\$10,564	15,430	28,487	119
Total Revenues	\$10,564	15,430	28,487	119
Expenditures:				
Instruction:				
Instruction:				
Salaries of Teachers				
Professional Education Services			28,487	119
Purchased Professional & Technical Services				
General Supplies				
Textbooks				
Tuition	\$10,564			
Total Instruction	10,564		28,487	119
Support Services:				
Other Salaries				
Salaries of Secretarial & Clerical Assistants				
Purchased Technical Services		15,430		
Other Employee Benefits				
Other Purchased Services (400-500)				
Supplies & Materials				
Total Support Services		15,430		
Facilities Acquisition & Construction Services: Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$10,564	15,430	28,487	119

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	CHAPTER 193 HANDICAPPED SERVICES				
	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	ESL	EXAMINATION AND CLASSIFICATION	CHARACTER COURTYARD
Revenues:					
Local Sources					5,183
State Sources	\$15,166	11,084	345	14,332	
Total Revenues	\$15,166	11,084	345	14,332	5,183
Expenditures:					
Instruction:					
Salaries of Teachers					
Professional Education Services					
Purchased Professional & Technical Services	\$15,166	11,084	345	14,332	
General Supplies					
Textbooks					
Tuition					
Total Instruction	15,166	11,084	345	14,332	
Support Services:					
Other Salaries					
Salaries of Secretarial & Clerical Assistants					
Purchased Technical Services					
Other Employee Benefits					
Other Purchased Services (400-500)					
Supplies & Materials					5,183
Total Support Services					5,183
Facilities Acquisition & Construction Services:					
Instructional Equipment					
Total Facilities Acquisition & Construction Services					
Total Expenditures	\$15,166	11,084	345	14,332	5,183

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	E.S.E.A. - NO CHILD LEFT BEHIND		
	TITLE I PART A	TITLE I PART A PRIOR YEAR	A.R.R.A TITLE I
Revenues:			
State Sources			
Federal Sources	\$375,910	4,223	27
Total Revenues	\$375,910	4,223	27
Expenditures:			
Instruction:			
Salaries of Teachers	\$240,299		
Professional Education Services	11,295		
Purchase Professional & Technical Services	22,795	2,350	
General Supplies	8,019	1,730	
Textbooks			
Tuition			
Total Instruction	282,408	4,080	
Support Services:			
Other Salaries			
Salaries of Secretarial & Clerical Assistants			
Purchased Technical Services	26,090		
Other Employee Benefits	67,412	143	27
Other Purchased Services (400-500)			
Supplies & Materials			
Total Support Services	93,502	143	27
Facilities Acquisition & Construction Services:			
Instructional Equipment			
Total Facilities Acquisition & Construction Services			
Total Expenditures	\$375,910	4,223	27

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	IDEA - B BASIC CURRENT YEAR	IDEA - B BASIC PRIOR YEAR	IDEA - B PRESCHOOL CURRENT YEAR	IDEA - B PRESCHOOL PRIOR YEAR	TITLE II PART A CURRENT YEAR	TITLE II PART A PRIOR YEAR
Revenues:						
State Sources						
Federal Sources	\$309,601	28,032	2,995	250	123,128	1,237
Total Revenues	\$309,601	28,032	2,995	250	123,128	1,237
Expenditures:						
Instruction:						
Salaries of Teachers	\$41,153				92,095	
Professional Education Services					90	
Purchase Professional & Technical Services						960
General Supplies	22,626	10,733	995	250	618	222
Textbooks						
Tuition	114,007	4,618	2,000			
Total Instruction	177,786	15,351	2,995	250	92,803	1,182
Support Services:						
Other Salaries		1,631				
Salaries of Secretarial & Clerical Assistants	1,200					
Purchased Professional & Educational Services	116,784	5,235				
Purchased Technical Services					10,244	
Other Employee Benefits	4,070				15,841	55
Other Purchased Services (400-500)	6,734	5,815			4,240	
Supplies & Materials	3,027					
Total Support Services	131,815	12,681			30,325	55
Facilities Acquisition & Construction Services:						
Instructional Equipment						
Total Facilities Acquisition & Construction Services						
Total Expenditures	\$309,601	28,032	2,995	250	123,128	1,237

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

A.R.R.A IDEA - PART B				
	REGULAR CURRENT YEAR	PRESCHOOL EDUCATION AID	2012	2011
Revenues:				
Local Sources			\$5,183	128
State Sources		\$135,555	231,082	267,585
Federal Sources	\$1,690		847,093	1,371,452
Total Revenues	\$1,690	135,555	1,083,358	1,639,165
Expenditures:				
Instruction:				
Salaries of Teachers		\$135,555	509,102	666,596
Professional Education Services			80,918	140,791
Purchase Professional & Technical Services			26,105	6,030
General Supplies			45,193	135,112
Textbooks			10,564	12,150
Tuition			120,625	231,608
Total Instruction		135,555	792,507	1,192,287
Support Services:				
Salaries				53,702
Other Salaries			1,631	1,200
Salaries of Secretarial & Clerical Assistants			1,200	
Purchased Professional & Educational Services	1,625		123,644	190,418
Purchased Professional & Technical Services			51,764	5,590
Other Employee Benefits	65		87,613	133,206
Other Purchased Services			16,789	11,764
Supplies & Materials			8,210	9,880
Total Support Services	1,690		290,851	405,760
Facilities Acquisition & Construction Services:				
Instructional Equipment				41,118
Total Facilities Acquisition & Construction Services				41,118
Total Expenditures	\$1,690	135,555	1,083,358	1,639,165

**MOUNT HOLLY SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	2012		VARIANCE
	BUDGETED	ACTUAL	
Expenditures:			
Instruction:			
Salaries of Teachers	\$104,482	104,482	
Other Salaries for Instruction	31,073	31,073	
Total Instruction	135,555	135,555	
Total Expenditures	\$135,555	135,555	

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2011-2012 Preschool Education Aid Allocation	\$449,649
Total Preschool Education Aid Funds Available for 2011-2012 Budget	449,649
Less: 2011-2012 Budgeted Preschool Education Aid (Prior Year Budget Carryover)	(135,555)
Available & Unbudgeted Preschool Education Aid Funds June 30, 2012	314,094
Add: June 30, 2012 Unexpended Preschool Education Aid	
Total Actual Preschool Education Aid Carryover	\$314,094
2011-2012 Preschool Education Aid Carryover Budgeted in 2012-2013	\$314,094

F. Capital Projects Fund

Not Applicable

G. Proprietary Funds

Enterprise Funds

**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	2012	2011
Current Assets:		
Cash	\$81,171	59,841
Accounts Receivable:		
State	297	574
Federal	13,938	12,850
Other Special Functions	1,748	1,970
Inventories	14,764	12,459
	<hr/>	<hr/>
Total Current Assets	111,918	87,694
	<hr/>	<hr/>
Fixed Assets:		
Equipment	341,876	239,580
Less: Accumulated Depreciation	(264,364)	(196,973)
	<hr/>	<hr/>
Total Fixed Assets	77,512	42,607
	<hr/>	<hr/>
Total Assets	189,430	130,301
	<hr/>	<hr/>
 LIABILITIES		
Accounts Payable	173	32
Deferred Revenue	10,941	
	<hr/>	<hr/>
Total Liabilities	11,114	32
	<hr/>	<hr/>
 NET ASSETS		
Invested in Capital Assets	77,512	42,607
Unreserved Retained Earnings	100,804	136,395
	<hr/>	<hr/>
Total Net Assets	\$178,316	130,269
	<hr/> <hr/>	<hr/> <hr/>

**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	2012	2011
Operating Revenues:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$80,230	88,715
Breakfast Program	6,619	6,824
Daily Sales Non-Reimbursable Programs	14,773	34,052
Satellite Lunch Program - Westampton	37,409	42,997
Special Functions	19,217	11,013
	<hr/>	<hr/>
Total Operating Revenues	158,248	183,601
	<hr/>	<hr/>
Operating Expenses:		
Salaries and Benefits	180,934	168,537
Supplies & Materials	17,531	13,147
Depreciation	19,238	
Management Fee	15,825	15,450
Cost of Sales	222,939	216,710
Direct Services	3,784	2,176
Other	7,000	4,075
	<hr/>	<hr/>
Total Operating Expenses	467,251	420,095
	<hr/>	<hr/>
Operating Income/(Loss)	(309,003)	(236,494)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	5,788	5,706
Federal Sources:		
National School Lunch Program	225,803	206,434
National School Breakfast Program	36,409	32,662
Special Milk Program	1,422	951
Food Distribution Program	32,988	22,304
NSLP Equipment Assistance Grant		11,304
Gain on Adjustment to Fixed Assets	54,143	5,274
Interest Revenue	497	592
	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	357,050	285,227
	<hr/>	<hr/>
Net Income/(Loss)	48,047	48,733
Net Assets - July 1	130,269	81,536
	<hr/>	<hr/>
Net Assets - June 30	\$178,316	130,269
	<hr/> <hr/>	<hr/> <hr/>

**MOUNT HOLLY SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	2012	2011
Cash Flows From Operating Activities:		
Receipts from Customers	\$169,411	177,405
Payments to Employees for Services	(180,934)	(168,537)
Payments to Suppliers for Goods & Services	(236,255)	(229,307)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(247,778)	(220,439)
Cash Flows From Noncapital Financing Activities:		
Cash Received from State & Federal Reimbursements	268,611	254,283
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	268,611	254,283
Cash Flows From Capital & Related Financing Activities:		
Purchases of Capital Assets		(4,428)
		<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities		(4,428)
Cash Flows From Investing Activities:		
Interest & Dividends	497	592
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	497	592
Net Increase/(Decrease) in Cash & Cash Equivalents	21,330	30,008
Cash & Cash Equivalents, July 1	59,841	29,833
	<hr/>	<hr/>
Cash & Cash Equivalents, June 30	\$81,171	59,841

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

Operating Income/(Loss)	(\$309,003)	(236,494)
Adjustments to Reconcile Operating Income/ (Loss) to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	19,238	
Food Distribution Program	32,988	22,304
Change in Assets & Liabilities:		
(Increase)/Decrease in Receivables	222	(1,970)
(Increase)/Decrease in Inventories	(2,305)	(54)
Increase/(Decrease) in Accounts Payable	141	1
Increase/(Decrease) in Deferred Revenues	10,941	(4,226)
	<hr/>	<hr/>
Total Adjustments	61,225	16,055
Net Cash Provided/(Used) by Operating Activities	(\$247,778)	(220,439)

Internal Service Fund

Not Applicable

H. Fiduciary Fund

**MOUNT HOLLY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	PRIVATE PURPOSE		AGENCY PAYROLL	2012	2011
	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY			
Cash & Cash Equivalents	\$370,795	9,175	24,991	404,961	108,127
Total Assets	370,795	9,175	24,991	404,961	108,127
LIABILITIES					
Payroll Deductions & Withholdings			1,211	1,211	100,910
Interfund Payable			23,780	23,780	341
Due to Student Groups		9,175		9,175	6,543
Total Liabilities		9,175	24,991	34,166	107,794
NET ASSETS					
Reserve for Unemployment Compensation	370,795			370,795	333
Total Net Assets	\$370,795			370,795	333

**MOUNT HOLLY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ADDITIONS:	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	2012	2011
Contributions:			
General Fund Appropriation	\$380,000	380,000	
Employee Contributions	9,467	9,467	
Total Contributions	389,467	389,467	
Investment Earnings:			
Interest	\$1,077	1,077	333
Net Investment Earnings	1,077	1,077	333
Total Additions	390,544	390,544	333
DEDUCTIONS:			
Unemployment Claims	20,082	20,082	53,669
Total Deductions	20,082	20,082	53,669
Change in Net Assets	370,462	370,462	(53,336)
Net Assets July 1	333	333	53,669
Net Assets June 30	\$370,795	370,795	333

**MOUNT HOLLY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Holbein School	\$6,543	18,038	15,406	9,175
Total Activity	\$6,543	18,038	15,406	9,175

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ASSETS	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
Cash & Cash Equivalents	\$101,251	11,026,707	11,102,967	24,991
Total Assets	\$101,251	11,026,707	11,102,967	24,991
LIABILITIES				
Payroll Deductions & Withholdings	\$100,910	4,771,309	4,871,008	1,211
Net Payroll		6,197,885	6,197,885	
Interfund Payable	341	57,513	34,074	23,780
Total Liabilities	\$101,251	11,026,707	11,102,967	24,991

I. Long-Term Debt



**MOUNT HOLLY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2012**

SERIES	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		AMOUNT OUTSTANDING	ISSUED	RETIRED	AMOUNT OUTSTANDING
			PRINCIPAL	INTEREST	JUNE 30, 2011	CURRENT YEAR	CURRENT YEAR	JUNE 30, 2012
Duplicating Machines: Copiers	12/01/2010	5 Years	\$259,947	\$34,833	\$294,780		109,453	185,327
				Total	\$294,780	-	109,453	185,327

STATISTICAL SECTION (Unaudited)

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

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$10,585,129	11,662,297	11,508,184	11,954,070	12,104,860	11,757,110	11,851,589	12,185,859	11,962,845	11,788,097
Restricted										
Special Revenue					(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(49,654)
Other Purposes	3,911,564	2,991,983	2,452,655	2,055,637	2,023,676	1,677,672	1,240,944	1,019,466	527,594	675,514
Unrestricted	(78,058)	(1,290,155)	(1,414,677)	(1,462,995)	(773,568)	(862,564)	(884,547)	(890,748)	(680,462)	(561,611)
Total Governmental Activities										
Net Assets	<u>\$14,418,635</u>	<u>13,364,125</u>	<u>12,546,162</u>	<u>12,546,712</u>	<u>13,297,545</u>	<u>12,522,564</u>	<u>12,158,332</u>	<u>12,264,923</u>	<u>11,760,323</u>	<u>11,902,000</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$77,512	42,607	21,601	26,933	32,833	39,302	66,154	74,767		
Unrestricted	100,804	87,662	59,935	19,843	8,051	5,626	9,205	12,508	98,361	87,165
Total Business-Type Activities										
Net Assets	<u>\$178,316</u>	<u>130,269</u>	<u>81,536</u>	<u>46,776</u>	<u>40,884</u>	<u>44,928</u>	<u>75,359</u>	<u>\$87,275</u>	<u>\$98,361</u>	<u>\$87,165</u>
District-Wide:										
Invested in Capital Assets, Net of Related Debt	\$10,662,641	11,704,904	11,529,785	11,981,003	12,137,693	11,796,412	11,917,743	12,260,626	11,962,845	11,788,097
Restricted:										
Special Revenue					(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(49,654)
Other Purposes	3,911,564	2,991,983	2,452,655	2,055,637	2,023,676	1,677,672	1,240,944	1,019,466	527,594	675,514
Unrestricted	22,746	(1,202,493)	(1,354,742)	(1,443,152)	(765,517)	(856,938)	(875,342)	(878,240)	(582,101)	(474,446)
Total District Net Assets	<u>\$14,596,951</u>	<u>13,494,394</u>	<u>12,627,698</u>	<u>12,593,488</u>	<u>13,338,429</u>	<u>12,567,492</u>	<u>12,233,691</u>	<u>12,352,198</u>	<u>11,858,684</u>	<u>11,989,165</u>

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

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$5,214,002	5,519,336	5,793,118	6,152,373	6,090,746	5,801,886	5,797,016	7,028,181	7,411,351	7,188,706
Special Education	1,882,857	1,634,138	1,737,377	1,491,839	1,705,769	1,745,071	1,687,629	2,050,324	1,975,021	1,395,486
Other Instruction	426,607	415,335	482,674	496,843	475,831	467,955	376,583	499,365	476,235	472,555
Support Services & Undistributed Costs:										
Tuition	1,644,007	1,906,476	1,386,051	1,342,821	1,011,353	1,060,135	1,151,609	1,305,733	1,372,242	1,366,006
Student & Instruction Related Services	1,693,995	1,897,554	2,397,490	2,213,242	2,518,182	2,292,435	2,070,472	2,416,209	2,484,696	2,359,534
School Administrative Services	369,892	454,401	414,840	447,724	641,571	657,096	629,228	881,207	872,397	833,474
General Administrative Services	555,994	710,874	707,299	669,699	735,125	756,777	746,900	1,107,057	847,850	909,623
Plant Operations & Maintenance	379,328	336,873	504,243	269,809	1,463,702	1,551,581	1,601,598	1,898,467	1,857,765	1,533,359
Pupil Transportation	1,412,694	1,303,527	1,470,316	1,884,142	429,060	514,272	440,023	597,073	491,023	555,854
Other Objects		10,789								
Unallocated Benefits	320,780	324,533	264,589	569,717	5,041,790	5,284,581	4,440,056			
Interest on Long-Term Debt	3,908,934	4,511,837	4,397,603	4,427,037				11,565	34,155	55,755
Fixed Asset Adjustments	290,593									
Unallocated Depreciation	179,503	161,222	137,586	181,556	155,428	5,570	17,554	16,975	26,264	26,263
Total Governmental Activities Expense	18,279,186	19,186,895	19,693,186	20,146,802	20,268,557	20,137,359	18,958,668	17,812,156	17,848,999	16,696,615
Business-Type Activities:										
Food Service	467,251	420,095	393,400	400,050	433,421	482,522	444,561	428,052	529,453	523,590
Total Business-Type Activities Expense	467,251	420,095	393,400	400,050	433,421	482,522	444,561	428,052	529,453	523,590
Total District Expenses	\$18,746,437	19,606,990	20,086,586	20,546,852	20,701,978	20,619,881	19,403,229	18,240,208	18,378,452	17,220,205

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

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$1,666,996	2,657,941	3,087,639	2,358,956	4,550,216	4,726,570	3,775,086	3,583,229	3,684,408	5,015,212
Total Governmental Activities Program Revenues	1,666,996	2,657,941	3,087,639	2,358,956	4,550,216	4,726,570	3,775,086	3,583,229	3,684,408	5,015,212
Business-Type Activities:										
Charges for Services:										
Food Service	158,248	183,601	142,273	140,705	152,114	146,384	163,450	172,462	171,745	162,254
Operating Grants & Contributions	302,410	279,361	285,705	265,149	252,251	256,939	255,920	244,063	246,451	241,750
Total Business Type Activities Program Revenues	460,658	462,962	427,978	405,854	404,365	403,323	419,370	416,525	418,196	404,004
Total District Program Revenues	\$2,127,654	3,120,903	3,515,617	2,764,810	4,954,581	5,129,893	4,194,456	3,999,754	4,102,604	5,419,216
Net (Expense)/Revenue:										
Governmental Activities	(\$16,612,190)	(16,528,954)	(16,605,547)	(17,787,846)	(15,718,341)	(15,410,789)	(15,183,582)	(14,228,927)	(14,164,591)	(11,681,403)
Business-Type Activities	(6,593)	42,867	34,578	5,804	(29,056)	(79,199)	(25,191)	(11,527)	(111,257)	(119,586)
Total District-Wide Net Expense	(\$16,618,783)	(16,486,087)	(16,570,969)	(17,782,042)	(15,747,397)	(15,489,988)	(15,208,773)	(14,240,454)	(14,275,848)	(11,800,989)

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

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for										
General Purposes, Net	\$7,157,227	7,016,889	6,889,889	6,814,889	6,814,889	6,558,171	6,024,745	5,494,500	4,938,735	4,709,608
Taxes Levied for Debt Service								262,934	262,229	263,028
Unrestricted Grants &										
Contributions	10,359,703	9,933,649	9,808,226	10,034,918	9,074,503	8,635,850	8,604,212	8,816,566	8,492,351	6,355,496
Investment Earnings	8,938	36,787	4,924	83,683	17,089	132,678	80,084	31,035	4,129	19,059
Miscellaneous Income	140,832	359,592	357,576	115,065	610,877	496,322	380,650	128,492	447,579	136,400
Disposal of Fixed Assets			(455,618)	(11,542)						
Transfers					(24,036)	(48,000)	(12,700)		(122,109)	(116,476)
Total Governmental Activities	17,666,700	17,346,917	16,604,997	17,037,013	16,493,322	15,775,021	15,076,991	14,733,527	14,022,914	11,367,115
Business-Type Activities:										
Investment Earnings	497	592	182	88	976	768	575	366	151	203
Adjustment to Fixed Assets	54,143	5,274								
Miscellaneous Income								75	193	318
Transfers					24,036	48,000	12,700		122,109	116,476
Total Business-Type Activities	54,640	5,866	182	88	25,012	48,768	13,275	441	122,453	116,997
Total District-Wide	\$17,721,340	17,352,783	16,605,179	17,037,101	16,518,334	15,823,789	15,090,266	14,733,968	14,145,367	11,484,112
Change in Net Assets:										
Governmental Activities	\$1,054,510	817,963	(550)	(750,833)	774,981	364,232	(106,591)	504,600	(141,677)	(314,288)
Business-Type Activities	48,047	48,733	34,760	5,892	(4,044)	(30,431)	(11,916)	(11,086)	11,196	(2,589)
Total District	\$1,102,557	866,696	34,210	(744,941)	770,937	333,801	(118,507)	493,514	(130,481)	(316,877)

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

86

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Restricted for:										
Capital Reserve	\$2,277,373	1,468,436	1,175,939	921,016	715,971	548,883	525,088	506,553	494,700	490,570
Emergency Reserve	250,000	250,000	200,000	100,000	100,000					
Maintenance Reserve	443,607	440,924	250,000	150,000	150,000					
Excess Surplus	519,616	420,968	411,655	407,471	344,505	713,200	365,484	343,266	32,894	
Excess Surplus - Designated for Subsequent Year's Expenditures	420,968	411,655	407,471	344,505	713,200	365,484	310,371			
Assigned to:										
Other Purposes			7,590	132,645						184,944
Designated for Subsequent Year's Expenditures	107,269				56,696	50,105				
Unassigned		(236,786)	(573,621)	(482,011)	(36,019)	(52,705)	4,888	86,339	86,242	247,127
Total General Fund	\$4,018,833	2,755,197	1,879,034	1,573,626	2,044,353	1,624,967	1,205,831	936,158	613,836	922,641
All Other Governmental Funds:										
Assigned, Reported in:										
Special Revenue Fund	\$ -				(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)
Total All Other Governmental Funds	\$ -	-	-	-	(57,423)	(49,654)	(49,654)	(49,654)	(49,654)	(52,210)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Local Tax Levy	\$7,157,227	7,016,889	6,889,889	6,814,889	6,814,889	6,558,171	6,024,745	5,757,434	5,200,964	4,972,636
Tuition Charges	86,665	283,447	222,341		62,987	49,097	48,893	106,233	75,208	
Interest Earnings	8,938	36,787	4,924	83,683	17,089	23,794	80,084	31,035	4,129	6,151
Miscellaneous	54,167	76,145	135,235	115,065	547,890	556,109	331,757	22,259	372,371	168,308
State Sources	10,719,825	11,272,489	10,014,910	11,358,161	12,530,010	11,810,028	11,166,607	11,172,923	10,820,804	10,051,885
Federal Sources	1,306,874	1,319,101	2,880,955	1,035,713	1,094,709	1,552,392	1,212,691	1,226,871	1,355,955	1,299,823
Total Revenue	19,333,696	20,004,858	20,148,254	19,407,511	21,067,574	20,549,591	18,864,777	18,316,755	17,829,431	16,498,803
Expenditures:										
Instruction:										
Regular Instruction	5,214,002	5,519,336	5,793,118	6,152,373	6,106,360	5,763,482	5,509,278	5,190,831	5,222,652	5,335,424
Special Education Instruction	1,882,857	1,634,138	1,737,377	1,491,839	1,705,769	1,745,071	1,687,629	1,567,282	1,512,013	1,036,711
Other Special Instruction	426,607	415,335	482,674	496,843	475,831	467,955	376,583	381,718	351,230	363,162
Support Services & Undistributed Costs:										
Tuition	1,644,007	1,906,476	1,386,051	1,342,821	1,011,353	1,060,135	1,151,609	1,305,733	1,372,242	1,366,006
Student & Instruction Related Services	1,693,995	1,897,554	2,397,490	2,213,242	2,518,182	2,292,435	2,070,472	1,898,222	1,932,007	1,909,449
School Administrative Services	665,447	710,874	707,299	669,699	641,571	657,096	629,228	616,369	621,760	621,034
General Administrative Services	723,272	791,274	919,083	717,533	735,125	745,637	711,794	663,858	638,575	723,866
Plant Operations & Maintenance	1,412,694	1,303,527	1,470,316	1,884,142	1,932,930	1,419,890	1,499,193	1,406,054	1,501,435	1,262,851
Pupil Transportation	302,699	407,000	404,517	382,978	429,060	514,272	440,023	456,407	491,023	555,854
Unallocated Benefits	3,908,934	4,511,837	4,397,603	4,427,037	5,041,790	5,284,581	4,440,056	3,925,742	3,793,776	3,192,219
Capital Outlay	195,546	326,124	147,318	42,308	33,950	131,901	66,539	56,652	52,703	250,325
Debt Service:										
Principal								514,000	490,000	470,000
Interest & Other Charges								11,565	34,155	55,755
Total Expenditures	18,070,060	19,423,475	19,842,846	19,820,815	20,631,921	20,082,455	18,582,404	17,994,433	18,013,571	17,142,656
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	1,263,636	581,383	305,408	(413,304)	435,653	467,136	282,373	322,322	(184,140)	(643,853)
Other Financing Sources/(Uses):										
Capital Leases		294,780								
Transfers In										
Transfers Out					(24,036)	(48,000)	(12,700)		(122,109)	(116,476)
Total Other Financing Sources/(Uses)		294,780			(24,036)	(48,000)	(12,700)		(122,109)	(116,476)
Net Change in Fund Balances	\$1,263,636	876,163	305,408	(413,304)	411,617	419,136	269,673	322,322	(306,249)	(760,329)
Debt Service as a Percentage of Noncapital Expenditures								2.93%	2.92%	3.11%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	CAPITAL RESERVE INTEREST	TUITION	TRANSPORTATION	PRIOR YEAR REFUNDS	OTHER REFUNDS	SALE OF ASSETS	RENTALS	MISCELLANEOUS	TOTAL
2012	\$6,938	8,938	86,665						42,046	144,587
2011	49,283	17,496	283,447						46,025	396,251
2010	22,274	4,924				41,311			293,991	362,500
2009	35,928	5,045	48,014						31,123	120,110
2008	130,480	17,089	62,987				400,000		17,410	627,966
2007	108,884	23,794	49,097		2,892	73,966	350,000	4,000	16,367	629,000
2006	61,549	18,535	48,893	5,811	8,045	4,467	299,500		13,934	460,734
2005	19,182	11,854	106,233	2,874		19,055			329	159,527
2004	5,271	4,129	78,179			30,974		56,975	276,180	451,708
2003	12,907	6,151			22,608	202		108,532	5,059	155,459

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED TAXABLE	PUBLIC ^a UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL DIRECT SCHOOL RATE ^b	COUNTY EQUALIZED VALUE
*2011	\$11,413,200	515,471,900	N/A	7,100	95,095,200	8,460,000	20,587,900	651,035,300	7,829,084	658,864,384	290,989,500	1.068	672,902,540
2010	5,876,700	248,952,700	N/A	8,300	45,352,200	4,370,300	9,748,500	314,308,700	3,565,377	317,874,077	148,335,600	2.171	681,301,653
2009	5,901,800	248,239,500	N/A	8,300	44,879,100	4,485,300	9,748,500	313,262,500	3,444,405	316,706,905	148,105,108	2.127	692,020,480
2008	6,044,900	247,721,300	142,700	14,200	45,706,700	4,485,300	11,250,700	315,365,800	3,156,029	318,521,829	149,398,300	2.135	709,679,409
2007	5,828,600	257,593,800	142,700	14,500	45,517,000	5,248,300	10,129,200	324,474,100	11,234,675	335,708,775	128,869,000	2.077	642,521,772
2006	6,168,700	248,390,800	142,700	14,200	44,018,800	4,847,700	11,395,400	314,978,300	3,649,818	318,628,118	149,642,000	1.939	351,516,000
2005	5,473,000	250,726,100	142,700	14,200	43,281,500	4,847,700	12,157,000	316,642,200	4,223,486	320,865,686	147,589,500	1.753	546,950,563
2004	5,096,400	252,580,800	142,700	14,200	44,469,300	4,847,700	12,151,900	319,303,000	5,138,701	324,441,701	144,268,300	1.665	471,409,535
2003	5,211,100	252,989,200	142,700	14,200	44,053,100	4,847,700	12,151,900	319,409,900	5,905,257	325,315,157	142,758,300	1.513	422,156,136
2002	5,091,100	252,961,000	142,700	14,200	45,097,500	4,847,700	12,429,800	320,584,000	6,745,323	327,329,323	142,283,200	1.475	384,596,131

Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF MOUNT HOLLY	REGIONAL SCHOOL	FIRE DISTRICT	BURLINGTON COUNTY	
2011	1.068		1.068	0.597	0.369	0.090	0.387	2.511
2010	2.171		2.171	1.154	0.747	0.179	0.860	5.111
2009	2.127		2.127	1.155	0.774	0.173	0.830	5.059
2008	2.135		2.135	1.076	0.797	0.172	0.867	5.047
2007	2.077		2.077	1.002	0.772	0.172	0.849	4.872
2006	1.939		1.939	0.929	0.688	0.171	0.752	4.479
2005	1.672	0.081	1.753	0.848	0.635	0.169	0.664	4.069
2004	1.584	0.081	1.665	0.779	0.594	0.159	0.609	3.806
2003	1.433	0.080	1.513	0.800	0.493	0.148	0.598	3.552
2002	1.392	0.083	1.475	0.770	0.445	0.133	0.608	3.431

Source: Municipal Tax Collector

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

TAXPAYER	2012		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Levine Properties, LLC	\$12,967,000	1	1.97%
Mount Holly Associates	11,675,000	2	1.78%
Verizon Property Tax Department	9,714,622	3	1.48%
Virtua Memorial Hospital	6,907,800	4	1.05%
Mount Holly Equities	6,025,800	5	0.92%
Richard A. Alaimo	4,000,200	6	0.61%
Ancor Flexibles, Inc.	3,605,200	7	0.55%
K&S 100, LLC	2,609,500	8	0.40%
Public Storage Inc.	2,349,700	9	0.36%
Mill Race, Inc	1,976,000	10	0.30%
Total	\$61,830,822		9.41%

TAXPAYER	2003		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

NOT AVAILABLE

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2012	\$7,157,227	7,157,227	100.00%	-
2011	7,016,889	7,016,889	100.00%	-
2010	6,889,889	6,889,889	100.00%	-
2009	6,814,889	6,814,889	100.00%	-
2008	6,814,889	6,814,889	100.00%	-
2007	6,291,458	6,291,458	100.00%	-
2006	5,688,534	5,688,534	100.00%	-
2005	5,415,836	5,415,836	100.00%	-
2004	4,954,058	4,954,058	100.00%	-
2003	4,799,426	4,799,426	100.00%	-

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

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

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME ^a	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	514,000	9,125	523,125	0.13%	49
2003	1,296,990	30,355	1,327,345	0.27%	99

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

a. Based on Per Capita Income for Burlington County

b. Based on School District Population as of July 1

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	514,000	-	514,000	0.16%	48
2003	1,004,000	-	1,004,000	0.31%	94

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

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ^a	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Mount Holly	\$8,091,886	100.000%	\$8,091,886
Rancocas Valley Regional High School	19,723,000	13.908%	2,743,075
Burlington County General Obligation Debt	365,784,648	1.299%	4,751,543
Subtotal, Overlapping Debt Mount Holly School District			15,586,503
Total Direct & Overlapping Debt			<u>\$15,586,503</u>

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

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

**MOUNT HOLLY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$19,299,240	19,968,864	20,335,028	20,216,000	18,202,555	16,391,087	14,158,301	12,446,923	11,406,473	10,775,702
Total Net Debt Applicable to Limit									514,000	1,004,000
Legal Debt Margin	<u>\$19,299,240</u>	<u>19,968,864</u>	<u>20,335,028</u>	<u>20,216,000</u>	<u>18,202,555</u>	<u>16,391,087</u>	<u>14,158,301</u>	<u>12,446,923</u>	<u>10,892,473</u>	<u>9,771,702</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit									4.51%	9.32%

95

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2011	\$618,913,680
2010	653,448,441
2009	<u>657,561,923</u>

\$1,929,924,044

Average Equalized Valuation of Taxable Property

\$643,308,015

Debt Limit (3.0% of Average Equalization Value)
Net Bonded School Debt

\$19,299,240

Legal Debt Margin

\$19,299,240

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

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

YEAR	POPULATION ^a	PERSONAL INCOME ^b	PER CAPITA PERSONAL INCOME ^c	UNEMPLOYMENT RATE ^d
2011	9,555	N/A	N/A	13.8%
2010	9,544	452,299,704	47,391	14.1%
2009	10,230	475,654,080	46,496	13.3%
2008	10,271	489,649,383	47,673	7.9%
2007	10,345	469,869,900	45,420	5.8%
2006	10,537	456,937,005	43,365	6.4%
2005	10,583	430,808,640	40,686	5.9%
2004	10,671	414,062,832	39,516	6.9%
2003	10,703	396,829,822	37,958	7.5%
2002	10,702	389,327,176	37,230	7.5%

Source:

- a Population information provided by the NJ Department of Labor & Workforce Development
- b Personal income calculated using population and per capita personal income
- c Per Capita personal income provided by the NJ Dept of Labor and Workforce Development
- d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

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

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction:									
Regular	72	72	76	92	91	95	92	92	89
Special Education	27	23	22	19	21	23	23	23	20
Other Special Education	14	14	14	11	26	30	30	30	30
Other Instruction	9	9	7	8	15	11	11	11	11
Support Services:									
Student & Instruction Related Services	8	8	8	5	7	5	5	5	5
School Administrative Services	10	11	11	11	11	11	11	11	11
General & Business Administrative Services	6	6	6	6	6	6	6	6	6
Plant Operations & Maintenance	14	13	14	15	17	17	17	17	17
Total	160	156	158	167	194	198	195	195	189

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES ^a	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF ^b	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) ^c	AVERAGE DAILY ATTENDANCE (ADA) ^c	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2012	981	\$17,874,514	18,221	-5.26%	102	1-10.2	1-8.7	978	926	-0.81%	94.68%
2011	993	19,097,351	19,232	-2.55%	95	1-12.5	1-7.7	986	929	-2.28%	94.22%
2010	998	19,695,528	19,735	1.68%	98	1-12.1	1-7.6	1,009	949	1.93%	94.05%
2009	1,019	19,778,507	19,410	-1.81%	114	1-9.0	1-7.8	990	937	-0.51%	94.62%
2008	1,042	20,597,971	19,768	5.62%	108	1-9.6	1-8.9	995	934	-3.49%	93.87%
2007	1,073	20,082,455	18,716	9.47%	116	1-9.5	1-8.3	1,031	965	-7.37%	93.63%
2006	1,083	18,515,865	17,097	10.17%	114	1-11	1-11	1,113	988	-1.59%	88.77%
2005	1,122	17,412,216	15,519	-1.39%	112	1-11.2	1-11.2	1,131	1,053	2.63%	93.10%
2004	1,108	17,436,713	15,737	11.15%	117	1-9	1-9	1,102	1,024	-1.08%	92.92%
2003	1,156	16,366,576	14,158	15.12%	115	1-9.5	1-9.5	1,114	998	6.39%	89.59%

Sources: District records

Note: Enrollment based on annual October District count.

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

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

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

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

DISTRICT BUILDINGS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary Schools:										
Brainerd Elementary:										
Square Feet	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	407	390	379	296	292	297	312	309	309	319
Follwell Elementary (1950):										
Square Feet	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	267	286	308	290	285	291	287	316	330	322
Holbein Elementary (1964):										
Square Feet	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673
Capacity (Students)	650	650	650	650	650	650	650	650	650	650
Enrollment	318	317	310	433	425	446	484	497	469	515
Other:										
Central Administration:										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

Number of Schools at June 30, 2012:

Elementary = 2

Middle School = 1

Senior High School = 0

Other = 0

Source: District Facilities Office

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

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

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

* SCHOOL FACILITES	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
John Brainerd School	\$8,281	6,475	20,210	26,077	14,784	28,343	19,538	14,971	21,616	13,642
Gertrude Folwell School	20,707	17,388	27,219	19,901	39,030	32,542	49,495	39,428	40,816	78,042
Anna Heller School					28,504	11,547	24,748	19,729	21,553	4,591
F.W. Holbein Schools	89,308	29,596	55,760	59,507	22,139	32,541	36,469	28,452	33,342	32,940
Total School Facilities	<u>\$118,296</u>	<u>53,459</u>	<u>103,189</u>	<u>105,485</u>	<u>104,457</u>	<u>104,973</u>	<u>130,250</u>	<u>102,580</u>	<u>117,327</u>	<u>129,215</u>

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

Source: District records

**MOUNT HOLLY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012**

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

(1) Burlington County Insurance Pool Joint Insurance Fund

(2) Standard Security Life Ins. Co.

(3) Selective Insurance Company.

(4) Ohio Casualty Insurance Company.

Source: District records.

SINGLE AUDIT SECTION

EXHIBIT K-1

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

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

We have audited the financial statements of the Mount Holly School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

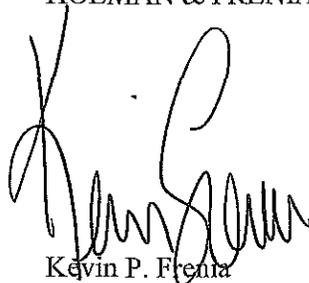
As part of obtaining reasonable assurance about whether the Mount Holly School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct

and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

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

Medford, New Jersey
August 22, 2012

EXHIBIT K-2

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Mount Holly School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mount Holly School District's internal control over compliance.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
August 22, 2012

MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE			BALANCE AT JUNE 30, 2012	
					AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	(ACCOUNTS RECEIVABLE)
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Food Distribution Program	10.550	N/A	\$32,988	7/1/11-6/30/12		32,988	(32,988)		
National School Lunch Program	10.555	N/A	225,803	7/1/11-6/30/12		214,122	(225,803)		(11,681)
National School Lunch Program	10.555	N/A	206,434	7/1/10-6/30/11	(\$10,560)	10,560			
National Breakfast Program	10.553	N/A	36,409	7/1/11-6/30/12		34,208	(36,409)		(2,201)
National Breakfast Program	10.553	N/A	32,662	7/1/10-6/30/11	(2,235)	2,235			
Special Milk Program	10.556	N/A	1,422	7/1/11-6/30/12		1,366	(1,422)		(56)
Special Milk Program	10.556	N/A	951	7/1/10-6/30/11	(55)	55			
Total U.S. Department of Agriculture					(12,850)	295,534	(296,622)		(13,938)
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Special Revenue Fund:									
Title I - Current	84.010	NCLB471012	421,997	9/1/11-8/31/12		271,661	(375,910)		(104,249)
Title I - Prior Year	84.010	NCLB471011	491,756	9/1/10-8/31/11	(82,776)	86,999	(4,223)		
Title II - A - Current	84.367A	NCLB471012	126,143	9/1/11-8/31/12		75,468	(123,128)	1,755	(45,905)
Title II - A - Prior Year	84.367A	NCLB471011	118,861	9/1/10-8/31/11	(29,663)	30,900	(1,237)		
Title II - D - Prior Year	84.318X	NCLB471011	3,411	9/1/10-8/31/11	(1,921)	919		1,002	
Title III - Prior Year	84.365A	NCLB471008	9,668	9/1/07-8/31/08		1,215		(1,215)	
Title IV - Prior Year	84.186	NCLB471010	6,929	9/1/09-8/31/10	(284)	284			
ARRA Title I	84.389	NCLB471010	170,631	9/1/09-8/31/11	(23,988)	24,015	(27)		
I.D.E.A. Part B, Basic Current	84.027	FT-3430-12	373,681	9/1/11-8/31/12		170,273	(309,601)	42,115	(97,213)
I.D.E.A. Part B, Basic Prior Year	84.027	FT-3430-11	489,313	9/1/10-8/31/11	(234,592)	262,624	(28,032)		
I.D.E.A. B - Preschool - Current	84.173	PS-3430-12	11,042	9/1/11-8/31/12		2,136	(2,995)	859	
I.D.E.A. B - Preschool - Prior Year	84.173	PS-3430-11	19,308	9/1/10-8/31/11	(15,258)	15,508	(250)		
ARRA I.D.E.A. Part B, Regular	84.391	FT-3430-08	315,445	9/1/09-8/31/11	(56,906)	58,596	(1,690)		
ARRA I.D.E.A. Part B, Preschool	84.392	PS-3430-08	11,363	9/1/09-8/31/11	(485)	485			
General Fund:									
Education Jobs Fund	84.410A	N/A	357,543	9/1/11-8/31/12		319,935	(357,543)		(37,608)
Medical Assistance Program	93.778	N/A	63,460	7/1/11-6/30/12		41,223	(63,460)		(22,237)
Medical Assistance Program	93.778	N/A	51,044	7/1/10-6/30/11	(27,882)	27,882			
Total U.S. Department of Education					(472,540)	1,388,908	(1,268,096)	44,516	(307,212)
Total Federal Financial Assistance					(\$485,390)	1,684,442	(1,564,718)	44,516	(321,150)

MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30,		REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2012			MEMO		
				2011	CASH RECEIVED		BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
Equalization Aid	12-495-034-5120-078	\$7,717,973	7/1/11-6/30/12		7,717,973	(7,717,973)					692,903	7,717,973
Adjustment Aid	12-495-034-5120-085	1,323,754	7/1/11-6/30/12		1,323,754	(1,323,754)					118,844	1,323,754
Categorical Transportation Aid	12-495-034-5120-014	135,776	7/1/11-6/30/12		135,776	(135,776)					12,189	135,776
Categorical Security Aid	12-495-034-5120-084	254,948	7/1/11-6/30/12		254,948	(254,948)					22,889	254,948
Categorical Special Education Aid	12-495-034-5120-089	494,395	7/1/11-6/30/12		494,395	(494,395)					44,386	494,395
Reimbursement of Nonpublic Transportation	11-103190	5,046	7/1/10-6/30/11	(\$5,046)	5,046							
Reimbursement of Nonpublic Transportation	12-103190	3,828	7/1/11-6/30/12			(3,828)		(3,828)				3,828
Extraordinary Aid	11-100-034-5120-473	37,129	7/1/10-6/30/11	(37,129)	37,129							
Extraordinary Aid	12-100-034-5120-473	78,086	7/1/11-6/30/12			(78,086)		(78,086)				78,086
Homeless Tuition Aid	N/A	31,610	7/1/11-6/30/12	(135,221)	135,221	(31,610)		(31,610)				31,610
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	11-495-034-5095-002	596,084	7/1/10-6/30/11	(28,590)	28,590							
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	12-495-034-5095-002	549,083	7/1/11-6/30/12		522,147	(549,083)		(26,936)				549,083
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	12-100-034-5120-064	10,802	7/1/10-6/30/11	14	10,802	(10,564)	(14)			238		10,564
Nursing Aid	12-100-034-5120-070	15,430	7/1/10-6/30/11		15,430	(15,430)						15,430
Auxiliary Services:												
Compensatory Education	11-100-034-5120-067	35,165	7/1/10-6/30/11	5,860			(5,860)					
Compensatory Education	12-100-034-5120-067	28,741	7/1/11-6/30/12		28,741	(28,487)				254		28,487
Transportation	12-100-034-5120-067	1,121	7/1/11-6/30/12		1,121	(119)				1,002		119
Transportation	11-100-034-5120-067	1,817	7/1/10-6/30/11	1,721			(1,721)					
Handicapped Services:												
Examination & Classification	12-100-034-5120-066	14,333	7/1/11-6/30/12		14,333	(14,332)				1		14,332
Examination & Classification	11-100-034-5120-066	15,312	7/1/10-6/30/11	1,599			(1,599)					
English as a Second Language	12-100-034-5120-067	690	7/1/11-6/30/12		690	(345)				345		345
Corrective Speech	12-100-034-5120-067	15,797	7/1/11-6/30/12		15,797	(15,166)				631		15,166
Corrective Speech	11-100-034-5120-067	22,687	7/1/10-6/30/11	8,449			(8,449)					
Supplemental Instruction	12-100-034-5120-066	11,084	7/1/11-6/30/12		11,084	(11,084)						
Supplemental Instruction	11-100-034-5120-066	10,422	7/1/10-6/30/11	2,223			(2,223)					
Early Childhood Program Aid	07-100-034-5120-025	583,288	7/1/06-6/30/07	449,649		(135,555)			314,094			135,555
Enterprise Fund:												
State School Lunch Program	12-100-010-3360-067	5,788	7/1/11-6/30/12		5,491	(5,788)		(297)				5,788
State School Lunch Program	11-100-010-3360-067	5,430	7/1/10-6/30/11	(574)	574							
Total State Financial Assistance				\$262,955	10,759,042	(10,826,323)	(19,866)	(140,757)	314,094	2,471	891,211	10,815,239

107

**MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(96,487) for the general fund and \$34,555 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

**MOUNT HOLLY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2012**

3. Relationship to Basic Financial Statements (continued):

	State	Federal	Total
General Fund	\$10,492,966	\$ 421,003	\$10,913,969
Special Revenue Fund	226,859	885,871	1,112,730
Food Service Fund	<u>5,788</u>	<u>296,622</u>	<u>302,410</u>
Total Financial Assistance	<u>\$10,725,613</u>	<u>\$1,603,496</u>	<u>\$12,329,109</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

Note 6. Federal and State Loans Outstanding

The Mount Holly Board of Education had no loan balances outstanding at June 30, 2012.

**MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.410A	Education Jobs Fund
10.555	National School Lunch Program
84.027	IDEA Part B

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

**MOUNT HOLLY SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

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

State Awards

Internal Control over major programs:

- | | |
|----------------------------------------------------------------------------------------------|----|
| 1) Material weakness(es) identified? | No |
| 2) Significant deficiencies identified that are not considered
To be material weaknesses? | No |

Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
------------------------------------------------------------------	--------------------

Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04?	No
-------------------------------------------------------------------------------------------------------------------	----

Identification of major programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-078	Equalization Aid
12-495-034-5120-084	Security Aid
12-495-034-5120-085	Adjustment Aid
12-495-034-5120-089	Categorical Special Education Aid
07-100-034-5120-025	Preschool Education Aid

Dollar threshold used to distinguish between type A and type B programs:	\$324,790
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

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

No Current Year Findings

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

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

No Current Year Findings

**MOUNT HOLLY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2012**

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

Finding 2011-01:

Condition:

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

Current Status:

This condition has been corrected.

