

**SCHOOL DISTRICT
OF
HADDON HEIGHTS**



**Haddon Heights Board of Education
Haddon Heights, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

Haddon Heights Board of Education

Haddon Heights, New Jersey

For the Fiscal Year Ended June 30, 2010

**Prepared by
Haddon Heights Board of Education
Finance Department**

HADDON HEIGHTS SCHOOL DISTRICT

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Introductory Section



Haddon Heights Public Schools

Administrative Offices

316-A Seventh Avenue, Haddon Heights, NJ 08035 • (856) 547-1412 • Fax (856) 547-3868

Michael W. Adams
Superintendent

Mark J. Stratton
Business Administrator/Board Secretary

Nancy C. Seddon
Director of Curriculum and Instruction

George J. Rafferty
Director of Special Education

October 15, 2010

President Lisa Long and
Members of the Board of Education
Haddon Heights School District
Camden County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Haddon Heights School District for the fiscal year ended June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and schedules as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the state Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and finds and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Haddon Heights School District is an independent reporting entity within the criteria adopted by the GASB as established NCGA Statement #3. All funds and account groups of the District are included in this report. The Haddon Heights Board of Education and all of its schools constitute the District's reporting entity.

The District provides a full range of educational services to grade levels K-12. These include regular and vocational as well as special education for educationally disabled students. The District completed the 2009/2010 school year with an enrollment of 1409 which is 59 students above the previous year's enrollment. The following details the changes in student enrollment over the past three years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2006/07	1264	+1.58%
2007/08	1300	+2.84%
2008/09	1350	+ 3.84%
2009/10	1409	+ 4.37%

The District consists of four schools. They are Atlantic Avenue School, Seventh Avenue School, Glenview Avenue School and Haddon Heights Junior-Senior High School. The three elementary schools serve grades K-6 with the high school offering a comprehensive program in grades 7-12.

Haddon Heights is a receiving district for students from Barrington and Lawnside in grades 9-12. These students are received on a tuition basis with the tuition rate to be charged being determined by state formula.

2. ECONOMIC CONDITION AND OUTLOOK:

Haddon Heights is an established, suburban environment. There is virtually no room for expansion or development. Changes in school population are caused mostly by demographics affecting movement of families into town replacing residents whose children are grown. There has been a student influx in recent years due to economic conditions (result of increased parochial school tuition) and to consolidation of parochial school. An increase of several students from Charter schools has also been noted. The sending districts of Lawnside and Barrington are similar in terms of population demographics, although the population of the Lawnside Schools is increasing due to the recent construction of a new housing development.

The tax base of Haddon Heights is predominantly residential. A reassessment was completed in July of the 2007 calendar year.

3. MAJOR INITIATIVES:

A. The Haddon Heights Public Schools strive for academic excellence for all students. Our students continue to excel on state mandated testing as the following scores indicate:

1. High School Proficiency Assessment (HSPA) - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
51.7%	23.9%

Language Arts Literacy

Proficient	Advanced Proficient
80%	16.5%

2. NJ Ask 3 - Grade 3 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
30.0%	60.0%

Language Arts Literacy

76.0%	6.0%
-------	------

3. NJ Ask 4 - Grade 4 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
45.8%	35.6%

Language Arts Literacy

62.7%	10.2%
-------	-------

Science

55.9%	39.0%
-------	-------

4. NJ Ask 5 - Grade 5 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
41.7%	56.7%

Language Arts Literacy

80.0%	10.0%
-------	-------

5. NJ Ask 6 - Grade 6 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
55.6%	33.3%

Language Arts Literacy

76.2%	15.9%
-------	-------

6. NJ Ask 7 - Grade 7 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
42.9%	41.6%

Language Arts Literacy

64.9%	20.8%
-------	-------

7. NJ ASK 8 – Grade 8 - The following percentage of general education students scored above state mandated levels in the following categories:

Math

Proficient	Advanced Proficient
39.2%	47.1%

Language Arts Literacy

72.5%	25.5%
-------	-------

Science

45.1%	52.9%
-------	-------

These results are a direct reflection of the outstanding instruction taking place in our schools.

- B. State Monitoring - The Haddon Heights Public Schools were monitored under the NJQSAC process in 2009-2010. Based on the results of the monitoring process the Haddon Heights School District was designated as a High Performing School District!
- C. Graduation Rate - The Haddon Heights Class of '09 had a graduate rate of 98% (with summer school).

- D. **College Placement** - The Haddon Heights Class of '09 had 98% of its graduates go on for further education. Of those 53% went on to a four year college, 40% went to a local community college and 4% went to a trade school, 2% gained employment, and 1% joined the military. We are continuing to see more students choose to attend a community college for their first two years due to a significant savings in cost and the easy transferability of credits.
- E. **The 5-year Strategic Plan** for the Haddon Heights Public Schools was collaboratively produced by educators, administrators, and members of the local community. Framed around a central mission statement, the Plan features four strategic goals that will be achieved by implementing 22 separate objectives. Through this five-year plan, the District will provide 21st century education and guidance for our 21st century students.
- F. **Curriculum** – Curriculum development and revision continues to be our focus in our goal of academic excellence for all students. The majority of all curricula has been rewritten over the past three years, and we are now using them as living documents, with ongoing updates, modifications, etc. Following is a small sampling of major initiatives in this area.

Technology: Significant upgrades continue in the area of technology. All schools have computer labs that are fully networked, plus wireless mobile labs with laptops. Each school has full Internet Access and Distance Learning sites. Interactive Smartboards and projectors continue to be installed in our elementary schools and are in full use in HHHS classrooms and library. Elementary schools should be at the same stage within the next year or two. All students and staff have e-mail access via our server. Many teachers are integrating a variety of technology into their daily lessons, are developing instructional websites and have postings on individual eboards.

Elementary Curriculum: We continue to emphasize reading, writing and public speaking strategies in our Language Arts Literacy curriculum, which focuses on balanced literacy. A major literacy initiative has been in place since the 2006-07 school year and is continuing this year, with an emphasis on the development of improved writing skills. For the third year, teachers are a part of the Rowan University Literacy Collaboration and have received extensive professional development in literacy. Our highly successful Everyday Math program has produced outstanding testing results. We have changed our science curriculum and teachers received training in its use during the 2008-2009 school year. At this point, we plan to purchase and expand units of study in science. And finally, we will work with the high school department chairperson and all elementary administrators toward updating materials used for social studies instruction at the elementary level.

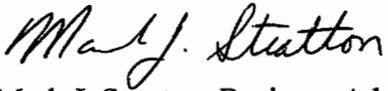
10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Haddon Heights 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 business office staff.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael W. Adams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael W. Adams, Superintendent

A handwritten signature in black ink, appearing to read "Mark J. Stratton". The signature is cursive and somewhat compact.

Mark J. Stratton, Business Administrator

HADDON HEIGHTS SCHOOL DISTRICT

Roster of Officials

June 30, 2010

Members of the Board of Education:

Term Expires

Lisa Long, President	2013
Rebecca Kitchmire, Vice President	2011
Therese McGee	2013
Kimberly Kluchnick	2012
Barbara Newell	2012
Joseph Peters	2012
Joseph Lucia	2013
Deborah Lynam	2011
Michael L. Harshaw	2011
Scott Manlove	Barrington Representative
Steve Smith	Lawnside Representative

Other Officials:

Theodore Johnson, Interim Superintendent
Mark J. Stratton, Business Administrator/Board Secretary
Mary Bakey, Treasurer
Joseph F. Betley, Esq. Solicitor

**HADDON HEIGHTS SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
12000 Lincoln Drive West, Suite 402
Marlton, NJ 08053

Attorney

Capehart and Scatchard
Laurel Corporate Center
8000 Midlantic Drive
Mount Laurel, NJ 08054

Official Depository

Susquehanna Patriot Bank, N.A.
305 South White Horse Pike
Lawnside, NJ 08045

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: iscpas@concentric.net

**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Haddon Heights School District
County of Camden
Haddon Heights, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards 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 State of New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
October 15, 2010

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: iscpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

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

The Honorable President and Members
of the Board of Education
Haddon Heights School District
County of Camden
Haddon Heights, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 15, 2010. 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 in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Haddon Heights 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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

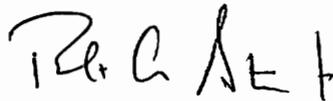
As part of obtaining reasonable assurance about whether the Haddon Heights School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Haddon Heights School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 15, 2010.

This report is intended solely for the information and use of the management and others within the Haddon Heights School District, the Division of Finance, Department of Education, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
October 15, 2010

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Haddon Heights School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

As management of the Board of Education of the Borough of Haddon Heights, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$11,141,796 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$332,076. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by \$453,290 from the prior fiscal year-end balance. The majority of this increase is attributed to the repayment of existing debt obligations.
- Fund balance of the School District's governmental funds increased by \$477,717 resulting in an ending fund balance of \$2,629,974.
- Business-type activities have unrestricted net assets of \$50,175, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$496,918 which is the result of the current year payments made on existing debt obligations.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the School District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect only the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2010. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2010.

The assets of the primary government activities exceeded liabilities by \$11,091,621 with an unrestricted deficit balance of \$332,076. As mentioned earlier, the deficit in unrestricted net assets is primarily due to the accounting treatment for compensated absences payable, accrued interest payable, the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net assets of the primary government do not include internal balances.

A net investment of \$9,104,842 in land, improvements, buildings and equipment which provide the services to the School District's 1,409 public school students, represents 81.72% of the School District's net assets. Net assets of \$2,324,389 have been restricted as follows:

Reserved for future budget appropriation	\$ 914,878
Designated for the 2010/11 budget	1,098,127
Capital projects	202,000
Debt service	109,384

**Haddon Heights School District
Comparative Summary of Net Assets
As of June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Assets:						
Current assets	\$ 2,978,621	\$ 3,749,606	\$ 45,566	\$ 22,554	\$ 3,024,187	\$ 3,772,160
Capital assets	<u>23,164,308</u>	<u>23,677,657</u>	<u>5,534</u>	<u>6,887</u>	<u>23,169,842</u>	<u>23,684,544</u>
Total assets	<u>26,142,929</u>	<u>27,427,263</u>	<u>51,100</u>	<u>29,441</u>	<u>26,194,029</u>	<u>27,456,704</u>
Liabilities:						
Current Liabilities	1,039,072	2,269,198	925		1,039,997	2,269,198
Noncurrent Liabilities	<u>14,012,236</u>	<u>14,499,000</u>	<u></u>	<u></u>	<u>14,012,236</u>	<u>14,499,000</u>
Total liabilities	<u>15,051,308</u>	<u>16,768,198</u>	<u>925</u>	<u></u>	<u>15,052,233</u>	<u>16,768,198</u>
Net assets	<u><u>\$ 11,091,621</u></u>	<u><u>\$ 10,659,065</u></u>	<u><u>\$ 50,175</u></u>	<u><u>\$ 29,441</u></u>	<u><u>\$ 11,141,796</u></u>	<u><u>\$ 10,688,506</u></u>
Net assets consist of:						
Invested in capital						
Assets	\$ 9,099,308	\$ 9,130,657	\$ 5,534	\$ 6,887	\$ 9,104,842	\$ 9,137,544
Restricted net assets	2,324,389	1,837,415			2,324,389	1,837,415
Unrestricted net assets	<u>(332,076)</u>	<u>(309,007)</u>	<u>44,641</u>	<u>22,554</u>	<u>(287,435)</u>	<u>(286,453)</u>
Net assets	<u><u>\$ 11,091,621</u></u>	<u><u>\$ 10,659,065</u></u>	<u><u>\$ 50,175</u></u>	<u><u>\$ 29,441</u></u>	<u><u>\$ 11,141,796</u></u>	<u><u>\$ 10,688,506</u></u>

Haddon Heights School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues						
Charges for services			\$ 252,531	\$ 260,137	\$ 252,531	\$ 260,137
Operating grants and Contributions	\$ 2,493,938	\$ 2,021,227	98,066	78,560	2,592,004	2,099,787
General Revenues:						
Property Taxes	10,612,077	11,854,242			10,612,077	11,854,242
Unrestricted State Aid	1,247,441	1,728,931			1,247,441	1,728,931
State Aid Restricted For Capital Projects	19,157	17,113			19,157	17,113
Tuition	8,016,589	6,928,773			8,016,589	6,928,773
Other Revenues	224,450	65,384	345	330	224,795	65,714
Total Revenues	22,613,652	22,615,670	350,942	339,027	22,964,594	22,954,697
Expenses:						
Governmental Activities:						
Instruction	9,978,908	9,621,320			9,978,908	9,621,320
Tuition	696,444	722,839			696,444	722,839
Related Services	2,222,222	2,000,692			2,222,222	2,000,692
Administrative Services	1,577,684	1,618,103			1,577,684	1,618,103
Operations and Maintenance	2,026,025	2,040,992			2,026,025	2,040,992
Transportation	224,359	319,488			224,359	319,488
Unallocated benefits	4,280,924	4,189,919			4,280,924	4,189,919
Interest on long-term Debt	642,884	776,363			642,884	776,363
Other	531,646	525,233			531,646	525,233
Business-Type Activities:						
Food Service Operations			330,208	325,484	330,208	325,484
Total Expenses	22,181,096	21,814,949	330,208	325,484	22,511,304	22,140,433
Increase (Decrease) in Net Assets Before transfers						
	432,556	800,721	20,734	13,543	453,290	814,264
Transfers						
Changes in net assets	432,556	800,721	20,734	13,543	453,290	814,264
Net assets, July 1,	10,659,065	9,858,344	29,441	15,898	10,688,506	9,874,242
Net assets, June 30,	\$ 11,091,621	\$ 10,659,065	\$ 50,175	\$ 29,441	\$ 11,141,796	\$ 10,688,506

Governmental Activities

Governmental activities increased the net assets of the School District by \$432,556 during the current fiscal year. Key elements of the increase in net assets for governmental activities are as follows:

- Tuition revenue increased \$1,087,816, or an increase of 15.7% increase over the prior year.
- Total expenses increased \$366,147, or an increase of 1.67% increase over the prior year.

Business-type Activities

Business-type activities increased the School District's net assets by \$20,734. Operating grants received for free and reduced price lunches increased \$19,506, or an increase of 24.83% increase over the prior year.

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,629,974, an increase of \$477,717 in comparison with the prior year. All of the increase can be attributable to the tuition revenue increase and a spending limitation of 92.78% of the budget.

The unreserved fund balance for the School District at the end of the fiscal year represents the unreserved fund balance for the General Fund of \$305,585. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, as follows: 1) restricted cash reserved for future capital outlay expenditures (\$202,000), 2) restricted for future debt service payments in accordance with state statutes (\$109,384), 3) appropriated as a revenue source in the subsequent year's budget (\$1,098,127), or 4) reserved for future budget appropriation in accordance with state statute (\$914,878).

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last 2 state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

Revenue in the special revenue fund is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated.

General Fund Budgetary Highlights

There is no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$393,790, while total fund balance (budgetary basis) was \$2,582,032. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$19,848,224. Unreserved fund balance (budgetary basis) represents 1.98% of expenditures while total fund balance (budgetary basis) represents 13.00% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2010, totaled \$23,169,842 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$514,703.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$567,837.

Haddon Heights School District Capital Asset (net of accumulated depreciation) June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Land	\$ 4,162	\$ 4,162			\$ 4,162	\$ 4,162
Construction in Progress		226,807				226,807
Site Improvements	134,809	141,052			134,809	141,052
Buildings and Building Improvements	22,692,411	22,958,652			22,692,411	22,958,652
Equipment	332,926	346,985	\$ 5,534	\$ 6,887	338,460	353,872
Net assets	<u>\$ 23,164,308</u>	<u>\$ 23,677,658</u>	<u>\$ 5,534</u>	<u>\$ 6,887</u>	<u>\$ 23,169,842</u>	<u>\$ 23,684,545</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2010, the School District had total bonded debt outstanding of \$14,065,000 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for compensated absences liability of \$444,236.

The general obligation bonds and capital lease obligations of the District decreased during the current fiscal year according to the normal schedule of payments.

The School District continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$32,142,945 and the legal debt margin was \$18,077,945.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 8) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2010-11 fiscal year.

- For the 2010-2011 fiscal year the School District will be receiving about \$1,000,000 less in state aid when compared to the previous fiscal year. The negotiated agreement between the School District and the teachers association has been settled, reflecting an increase for 2010-2011 year of 4.4% for teachers and 4.9% for the support staff. Health benefit costs increased 18% for the 2010-11 school year.
- The school district tax rate for 2010 is \$1.311 per one hundred of assessed valuation. This is a 5.8 cent decrease from the previous year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Haddon Heights School District Business Administrator, 316-A Seventh Avenue, Haddon Heights, New Jersey, 08035, telephone number (856) 547-1412.

Basic Financial Statements

District-Wide Financial Statements

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,296,453	\$ 28,907	\$ 2,325,360
Receivables, net	384,355	5,951	390,306
Inventory		10,708	10,708
Restricted assets:			
Cash and cash equivalents	202,000		202,000
Deferred bond issuance costs - net	95,813		95,813
Capital assets, net (Note 5)	<u>23,164,308</u>	<u>5,534</u>	<u>23,169,842</u>
Total Assets	<u>26,142,929</u>	<u>51,100</u>	<u>26,194,029</u>
LIABILITIES:			
Accounts payable	132,272	925	133,197
Contracts payable	86,967		86,967
Intergovernmental payable:			
State	33,595		33,595
Accrued Interest	289,238		289,238
Noncurrent liabilities (Note 8):			
Due within one year	497,000		497,000
Due beyond one year	<u>14,012,236</u>		<u>14,012,236</u>
Total Liabilities	<u>15,051,308</u>	<u>925</u>	<u>15,052,233</u>
NET ASSETS:			
Invested in capital assets, net of related debt	9,099,308	5,534	9,104,842
Restricted for:			
Capital projects	202,000		202,000
Debt Service	136,147		136,147
Other purposes	1,986,242		1,986,242
Unrestricted	<u>(332,076)</u>	<u>44,641</u>	<u>(287,435)</u>
Total Net Assets	<u>\$ 11,091,621</u>	<u>\$ 50,175</u>	<u>\$ 11,141,796</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 6,534,308		\$ 796,071		\$ (5,738,237)		\$ (5,738,237)
Special Education	2,365,330				(2,365,330)		(2,365,330)
Other instruction	1,079,270				(1,079,270)		(1,079,270)
Support Services:							
Tuition	696,444				(696,444)		(696,444)
Student & instruction related services	2,222,222		340,983		(1,881,239)		(1,881,239)
General administrative services	450,277				(450,277)		(450,277)
School administrative services	853,327				(853,327)		(853,327)
Central services	274,080				(274,080)		(274,080)
Plant operations and maintenance	2,026,025				(2,026,025)		(2,026,025)
Pupil transportation	224,359				(224,359)		(224,359)
Unallocated benefits	4,280,924		1,351,603		(2,929,321)		(2,929,321)
Interest on long-term debt	642,884		5,281		(637,603)		(637,603)
Unallocated depreciation and amortization	531,646				(531,646)		(531,646)
Total Governmental Activities	22,181,096		2,493,938		(19,687,158)		(19,687,158)
Business-Type Activities:							
Food Service	330,208	\$ 252,531	98,066			\$ 20,389	20,389
Total Business-Type Activities	330,208	252,531	98,066			20,389	20,389
Total Primary Government	\$ 22,511,304	\$ 252,531	\$ 2,592,004	\$ -	(19,687,158)	20,389	(19,666,769)
General Revenues:							
Taxes:							
					9,574,359		9,574,359
					1,037,718		1,037,718
					1,247,441		1,247,441
					19,157		19,157
					8,016,589		8,016,589
					2,074	345	2,419
					222,376		222,376
					20,119,714	345	20,120,059
					432,556	20,734	453,290
					10,659,065	29,441	10,688,506
					\$ 11,091,621	\$ 50,175	\$ 11,141,796

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

Fund Financial Statements

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

HADDON HEIGHTS SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,260,733	\$ (187,394)	\$ 164,765	\$ 58,349	\$ 2,296,453
Receivables, net	61,222	323,133			384,355
Restricted assets:					
Cash and cash equivalents	202,000				202,000
Total Assets	<u>\$ 2,523,955</u>	<u>\$ 135,739</u>	<u>\$ 164,765</u>	<u>\$ 58,349</u>	<u>\$ 2,882,808</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 30,128	\$ 102,144			\$ 132,272
Contracts payable			\$ 86,967		86,967
Intergovernmental payable: State		33,595			33,595
Total Liabilities	<u>30,128</u>	<u>135,739</u>	<u>86,967</u>		<u>252,834</u>
Fund Balances:					
Reserved for:					
Capital projects	202,000				202,000
Debt Service			77,798	\$ 31,586	109,384
Excess Surplus	914,878				914,878
Encumbrances					
Unreserved	305,585				305,585
Unreserved - designated for subsequent year's expenditures	1,071,364			26,763	1,098,127
Total Fund Balances	<u>2,493,827</u>		<u>77,798</u>	<u>58,349</u>	<u>2,629,974</u>
Total Liabilities and Fund Balances	<u>\$ 2,523,955</u>	<u>\$ 135,739</u>	<u>\$ 164,765</u>	<u>\$ 58,349</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,210,146 and the accumulated depreciation is \$5,045,838. 23,164,308

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 95,813

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:

General Obligation Bonds	\$ (14,065,000)	
Compensated Absences Payable	(444,236)	
Accrued Interest Payable	(289,238)	
		<u>(14,798,474)</u>

Net assets of governmental activities **\$ 11,091,621**

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 9,574,359			\$ 1,037,718	\$10,612,077
Tuition	8,016,589				8,016,589
Interest earned on investments	2,000			74	2,074
Miscellaneous	222,376				222,376
Total local sources	17,815,324			1,037,792	18,853,116
State sources	2,515,547	\$ 503,228	19,157	5,281	3,043,213
Federal sources	83,497	633,826			717,323
Total Revenues	20,414,368	1,137,054	19,157	1,043,073	22,613,652
EXPENDITURES:					
Current expense:					
Regular instruction	6,465,221				6,465,221
Special education instruction	1,569,259	796,071			2,365,330
Other instruction	1,079,270				1,079,270
Support services and undistributed costs:					
Tuition	696,444				696,444
Student & instruction related services	1,881,239	340,983			2,222,222
General administrative services	450,277				450,277
School administrative services	853,327				853,327
Central services	273,613				273,613
Plant operations and maintenance	1,810,980				1,810,980
Pupil transportation	224,359				224,359
Unallocated employee benefits	4,280,924				4,280,924
Capital outlay	263,311		19,787		283,098
Debt service:					
Principal				482,000	482,000
Interest and other charges				648,870	648,870
Total Expenditures	19,848,224	1,137,054	19,787	1,130,870	22,135,935
Excess (deficiency) of revenues over (under) expenditures	566,144		(630)	(87,797)	477,717
Other Financing Sources (Uses):					
Transfer In				31,507	31,507
Transfer out			(31,507)		(31,507)
Total other financing sources (uses)			(31,507)	31,507	
Net Change in Fund Balance	566,144		(32,137)	(56,290)	477,717
Fund balance - July 1, 2009	1,927,683		109,935	114,639	2,152,257
Fund Balance - June 30, 2010	<u>\$ 2,493,827</u>	<u>\$ -</u>	<u>\$ 77,798</u>	<u>\$ 58,349</u>	<u>\$ 2,629,974</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Total net change in fund balances - governmental funds (from B-2) \$ 477,717

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

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

Depreciation Expense	\$ (566,484)	
Fixed Asset Additions	<u>53,135</u>	(513,349)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net assets. This amount is the net effect of these differences.

General obligation bonds	482,000	
Capital leases	<u>14,918</u>	496,918

Bond issuance costs are reported in the governmental fund as expenditures in year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.

(9,562)

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	(25,154)	
Accrued Interest	<u>5,986</u>	<u>(19,168)</u>

Change in Net Assets of Governmental Activities \$ 432,556

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Business-Type Activities Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 28,907
Accounts receivable:	
State	265
Federal	4,573
Other	1,113
Inventories	<u>10,708</u>
Total Current Assets	<u>45,566</u>
Noncurrent Assets:	
Equipment	40,541
Less - accumulated depreciation	<u>(35,007)</u>
Total Noncurrent Assets	<u>5,534</u>
Total Assets	<u>51,100</u>
 LIABILITIES:	
Current Liabilities:	
Accounts payable	925
Total Current Liabilities	<u>925</u>
 NET ASSETS:	
Invested in capital assets	5,534
Unrestricted	<u>44,641</u>
Total Net Assets	<u><u>\$ 50,175</u></u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities Enterprise Funds
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 98,066
Daily sales non-reimbursable programs	
Adult and a la carte sales	118,285
Special functions	36,180
Total Operating Revenues	252,531
OPERATING EXPENSES:	
Salaries and fringe benefits	141,600
Management fee	19,500
Supplies and materials	10,833
Other costs	13,277
Depreciation	1,353
Cost of sales	143,645
Total Operating Expenses	330,208
Operating Income (Loss)	(77,677)
Non-Operating Revenues:	
State sources:	
State school lunch program	4,278
Federal sources:	
National school lunch program	76,073
Food distribution program	17,715
Local sources:	
Interest earned	345
Total Non-Operating Revenues	98,411
Income (Loss) before Contributions and Transfers	20,734
Operating Transfer In	
Changes in Net Assets	20,734
Net Assets - July 1, 2009	29,441
Net Assets - June 30, 2010	\$ 50,175

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 252,531
Cash payments to employees for services	(141,600)
Cash payments to suppliers for goods and services	(186,542)
Net cash provided by (used for) operating activities	(75,611)
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	4,201
Cash received from federal sources	92,276
Operating Transfer in	96,477
Net cash provided by noncapital financing activities	96,477
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	-
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	345
Net increase (decrease) in cash and cash equivalents	21,211
Cash and cash equivalents - July 1, 2009	7,696
Cash and cash equivalents - June 30, 2010	\$ 28,907
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (77,677)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,353
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	301
(Increase) decrease in inventories	(513)
Increase (decrease) in accounts payable	925
Net cash provided by (used for) operating activities	\$ (75,611)
Noncash Noncapital Financing Activities:	
During the year the District received \$17,715 of food commodities from the U.S. Department of Agriculture.	

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

**HADDON HEIGHTS SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010**

	Trust Funds		
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 102,087	\$ 239,254	\$ 328,249
Total Assets	102,087	239,254	\$ 328,249
 LIABILITIES:			
Payroll deductions and withholdings			\$ 130,393
Due to student groups			197,856
Total Liabilities			\$ 328,249
 NET ASSETS:			
Held in trust for unemployment claims and other purposes	\$ 102,087		
Reserved for scholarships		\$ 239,254	

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS:		
Contributions:		
Employee	\$ 29,391	
Donations		\$ 163,320
Other		
Total Contributions	<u>29,391</u>	<u>163,320</u>
Investment earnings:		
Interest	922	451
Net investment earnings	<u>922</u>	<u>451</u>
Total Additions	<u>30,313</u>	<u>163,771</u>
DEDUCTIONS:		
Unemployment claims	22,383	
Scholarships awarded		1,650
Total Deductions	<u>22,383</u>	<u>1,650</u>
Change in Net Assets	7,930	162,121
Net Assets - July 1, 2009	<u>94,157</u>	<u>77,133</u>
Net Assets - June 30, 2010	<u>\$ 102,087</u>	<u>\$ 239,254</u>

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

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Description of Reporting Entity

The Borough of Haddon Heights School District (School District) is a Type II district located in the County of Camden County, State of New Jersey. As a Type II district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 12. In addition, the School District provides educational services for students in grades 9 through 12 received from the Barrington School District and the Lawnside School District, on a tuition basis. The Haddon Heights School District has an approximate enrollment at June 30, 2010 of 1,409 students.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Components Units*. There are no organizations that are considered to be component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

District-wide Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Fund Accounting

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District 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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities states that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenues from the state and federal governments, other than major capital projects, debt service, or the enterprise funds, and local appropriations that are legally restricted to expenditures for specified purposes.

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general-long-term debt principal, interest and related costs.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations that are financed in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School 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 School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, 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:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

District-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within thirty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. There were no restricted formula aids.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year, if any, is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2.11.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments 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 budgetary basis. The budgetary basis differs from GAAP in that the 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, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrance Accounting

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

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

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

Cash, Cash Equivalents and Investments

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

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

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 Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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.

Tuition Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2010 and 2009 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures

Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expenses in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring cost of operations.

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 School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfun ds receivable and/or interfun ds payable.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets. .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are valued at their estimated fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
School Buildings	50 years	N/A
Building Improvements	50 years	N/A
Site Improvements	20 years	N/A
Machinery and Equipment	5-20 years	12 years

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Salaries and Wages

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The School District reserves portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve, maintenance reserve and emergency reserves.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41. et seq. which requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$3,590,255 as of June 30, 2010, \$327,798 was insured by the Federal Deposit Insurance Corporation and \$3,262,457 was collateralized under the Governmental Unit Deposit Protection Act.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2010 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental	\$ 61,222	\$ 323,133	\$ 4,838	\$ 389,193
Other			1,113	1,113
Total Accounts Receivable	<u>\$ 61,222</u>	<u>\$ 323,133</u>	<u>\$ 5,951</u>	<u>\$ 390,306</u>

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,162			\$ 4,162
Construction in progress	226,807		\$ (226,807)	0
Total capital assets, not being Depreciated	<u>230,969</u>			<u>4,162</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	205,711			205,711
Building and Building Improvements	26,856,403		226,807	27,083,210
Equipment	863,929	53,134		917,063
Totals at historical cost	<u>27,926,043</u>	<u>53,134</u>	<u>226,807</u>	<u>28,205,984</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(64,659)	(6,243)		(70,902)
Building and Building Improvements	(3,897,751)	(493,048)		(4,390,799)
Equipment	(516,944)	(67,193)		(584,137)
Totals accumulated depreciation	<u>(4,479,354)</u>	<u>(566,484)</u>		<u>(5,045,838)</u>
Total Capital Assets, being depreciated, net	<u>23,446,689</u>	<u>(513,350)</u>		<u>23,160,146</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,677,658</u>	<u>\$ (513,350)</u>	<u>\$ 0</u>	<u>\$ 23,164,308</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 40,541			\$ 40,541
Less accumulated depreciation	(33,654)	\$ (1,353)		(35,007)
Business-Type Activities Capital Assets, Net	<u>\$ 6,887</u>	<u>\$ (1,353)</u>	<u>\$ 0</u>	<u>\$ 5,534</u>

Depreciation expense in the amount of \$566,484 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 43,933
Central Administration	467
Unallocated	<u>522,084</u>
Total depreciation expense	<u>\$ 566,484</u>

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food	\$ 9,103
Supplies	<u>1,605</u>
	<u>\$ 10,708</u>

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

7. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school 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 fiscal year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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, 2009 to June 30, 2010 fiscal year is as follows:

Balance – July 1, 2009		\$ 200,000	
Increased by:			
Interest earned	\$ 2,000		
Board resolution	<u> </u>	<u>2,000</u>	
		202,000	
Decreased by:			
Budget withdrawal		<u> </u>	
Balance – June 30, 2010		<u>\$ 202,000</u>	

The June 30, 2010 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

8. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 419,082	\$ 25,154		\$ 444,236	
Capital Leases	14,918		\$ 14,918	0	
General Obligation Bonds	<u>14,547,000</u>	<u> </u>	<u>482,000</u>	<u>14,065,000</u>	<u>\$ 497,000</u>
	<u>\$ 14,981,000</u>	<u>\$ 25,154</u>	<u>\$ 496,918</u>	<u>\$ 14,509,236</u>	<u>\$ 497,000</u>

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

8. LONG-TERM OBLIGATIONS (Continued)

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

1997 General Obligation Bonds dated May 1, 1997 in the amount of \$423,000 due in annual installments through May 1, 2012, bearing interest rate of 5.20%.

1998 Lease Purchase Bonds dated October 15, 1999 in the amount of \$205,000 due in semi-annual installments through May 15, 2013, bearing interest rate of 4.95%.

2003 Taxable Refunding Bonds dated April 29, 2003 in the amount of \$313,000 due in annual installments through October 1, 2012, bearing interest rate of 1.90% to 5.70%.

2005 General Obligation Bonds dated July 1, 2005 in the amount of \$13,124,000 due in annual installments through January 1, 2030, bearing interest rate of 4.25% to 4.375%.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 497,000	\$ 605,141	\$ 1,102,141
2012	510,000	580,414	1,090,414
2013	534,000	551,334	1,085,334
2014	550,000	533,860	1,083,860
2015	570,000	510,485	1,080,485
2016-2020	3,189,000	2,169,415	5,358,415
2021-2025	3,800,000	1,443,387	5,243,387
2026-2030	<u>4,415,000</u>	<u>576,998</u>	<u>4,991,998</u>
	<u>\$ 14,065,000</u>	<u>\$ 6,971,034</u>	<u>\$ 21,036,034</u>

As of June 30, 2010 the School District had no authorizations to issue additional bonded debt.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Capital Leases Payable

As of June 30, 2010 the School District had no capital leases.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

9. OPERATING LEASES

At June 30, 2010, the School District had operating lease agreements in effect for copy machines. Rental payments under operating leases for the fiscal year ended June 30, 2010 were \$24,851.

Future minimum rental payments under operating lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 24,851
2012	24,851
2013	<u>14,408</u>
Total future minimum lease payments	<u>\$ 64,110</u>

10. PENSION PLANS

Description of Plans - Substantially all of the School District's employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007 however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2007 however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

10. PENSION PLANS (Continued)

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$ 56,818	\$ 73,004	\$ 18,003	\$ 147,825		\$ 147,825
2009	54,427	62,952	14,590	131,969		131,969
2008	71,633	55,203		126,836	\$ 25,367	101,469

11. POST-RETIREMENT BENEFITS

Plan Description – The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides medical, prescription-drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Funding Policy – P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009 there were 84,590 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State's contribution rate is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

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 Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

12. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$30,800 and \$578,460, respectively. In addition, the State of New Jersey reimbursed the School District \$742,343 during the fiscal year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by an outside organization, approved by the School District, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The School 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 purchased 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 School District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements.

14. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

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

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Pool Joint Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, 51 Everett Drive, Suite B-40, West Windsor, New Jersey, 08550.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee 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 fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 922	\$ 29,391	\$ 22,383	\$ 102,087
2008-2009	1,312	28,399	8,189	94,157
2007-2008	1,951	25,863	8,447	72,635

15. COMPENSATED ABSENCES

The School 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.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

15. COMPENSATED ABSENCES (Continued)

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Unused sick leave may be accumulated carried forward to the subsequent years. Employees who retire from the School District shall be paid for unused sick leave in accordance with the School District's agreement or personnel policy.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2010, the liability for compensated absences in the governmental fund was \$444,236.

16. CONTINGENCIES

The School District participates in a number of state and federally assisted 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.

17. ECONOMIC DEPENDENCY

The School District receives a substantial portion of its operating support from the federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the School District's programs and activities.

18. DEFICIT UNRESTRICTED NET ASSETS

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$332,076 existed as of June 30, 2010 for governmental activities. The primary causes of this deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and accrued interest payable. 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 School District in the formulation of their annual budget (see Note 1), compensated absences and accrued interest payable that relate to future services, or that are contingent on a specific event outside the control of the School District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the School District is facing financial difficulties.

19. FUND BALANCES

Reserved

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of fund balance are summarized below:

Capital Reserve – As of June 30, 2010, the balance in the capital reserve account is \$202,000. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Reserved for Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of reserved fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$914,878.

**Haddon Heights School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

19. FUND BALANCES (Continued)

Unreserved

General Fund – Of the \$1,465,154 unreserved General Fund, fund balance at June 30, 2010, \$1,071,364 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$393,790 is undesignated.

Capital Projects Fund – All of the \$77,798 Capital Projects Fund, fund balance at June 30, 2010 is reserved for the last principal payment on the outstanding certificates of participation in accordance with the bond covenants.

Debt Service Fund – Of the \$58,349 unreserved Debt Service Fund, fund balance at June 30, 2010, \$26,763 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$31,586 is undesignated.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 9,574,359		\$ 9,574,359	\$ 9,574,359	
Tuition	7,957,742		7,957,742	8,016,589	\$ 58,847
Interest earned on capital reserve				2,000	2,000
Unrestricted misc. revenues	75,000		75,000	222,376	147,376
Total local sources	17,607,101		17,607,101	17,815,324	208,223
State sources:					
Categorical special education aid	444,051		444,051	306,306	(137,745)
Equalization aid	460,172	\$ (83,497)	376,675	248,086	(128,589)
Categorical security aid	60,417		60,417	39,271	(21,146)
Adjustment aid	702,424		702,424	456,576	(245,848)
Categorical transportation aid	120,381		120,381	78,248	(42,133)
Extraordinary aid				21,321	21,321
Nonpublic transportation aid				2,537	2,537
On-behalf TPAF pension contr. (non-budgeted)				609,260	609,260
Reimbursed TPAF social security contribution (non-budgeted)				742,343	742,343
Total state sources	1,787,445	(83,497)	1,703,948	2,503,948	800,000
Federal sources:					
Education Stabilization Fund		80,385	80,385	80,385	
Government Services Fund		3,112	3,112	3,112	
Total federal sources		83,497	83,497	83,497	
TOTAL REVENUES	19,394,546		19,394,546	20,402,769	1,008,223
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool/Kindergarten	112,019	57,751	169,770	169,769	1
Grades 1-5	1,320,283	(8,151)	1,312,132	1,302,704	9,428
Grades 6-8	1,115,610	(140,600)	975,010	972,578	2,432
Grades 9-12	3,568,806	10,000	3,578,806	3,556,675	22,131
Regular Programs - Home Instruction:					
Salaries of teachers	16,500	(4,450)	12,050	9,105	2,945
Other purchased services	7,000	(2,000)	5,000	4,984	16
Regular Programs - Undistributed Instruction:					
Other salaries for instruction		2,000	2,000		2,000
Purchased technical services	38,900	(17,610)	21,290	18,953	2,337
Other purchased services	51,630	(2,133)	49,497	39,606	9,891
General supplies	244,371	65,555	309,926	308,287	1,639
Textbooks	45,933	36,928	82,861	82,560	301
Total - regular programs - instruction	6,521,052	(2,710)	6,518,342	6,465,221	53,121

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Multiple Disabilities:					
Salaries of teachers	\$ 79,504	\$ (22,500)	\$ 57,004	\$ 53,300	\$ 3,704
Other salaries for instruction	69,400	(15,590)	53,810	38,274	15,536
General supplies	4,000		4,000	4,000	
Textbooks	2,000		2,000	2,000	
Total multiple disabilities	<u>154,904</u>	<u>(38,090)</u>	<u>116,814</u>	<u>97,574</u>	<u>19,240</u>
Resource room/resource center:					
Salaries of teachers	1,181,987	37,000	1,218,987	1,210,193	8,794
Other salaries for instruction	156,160		156,160	136,369	19,791
General supplies	9,200		9,200	9,175	25
Textbooks	5,000		5,000	4,978	22
Total resource room/resource center	<u>1,352,347</u>	<u>37,000</u>	<u>1,389,347</u>	<u>1,360,715</u>	<u>28,632</u>
Preschool Disabilities - Part-Time:					
Salaries of teachers	75,246		75,246	73,643	1,603
Other salaries for instruction	40,500		40,500	37,327	3,173
General supplies	2,000		2,000	2,000	
Total preschool disabilities - part-time	<u>117,746</u>		<u>117,746</u>	<u>110,970</u>	<u>6,776</u>
Total Special Education - Instruction	<u>1,624,997</u>	<u>(1,090)</u>	<u>1,623,907</u>	<u>1,569,259</u>	<u>54,648</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	417,041	(2,949)	414,092	412,250	1,842
Total basic skills/remedial - instruction	<u>417,041</u>	<u>(2,949)</u>	<u>414,092</u>	<u>412,250</u>	<u>1,842</u>
Bilingual Education - Instruction					
Salaries of teachers	8,484	5,659	14,143	14,143	
Total bilingual education - instruction	<u>8,484</u>	<u>5,659</u>	<u>14,143</u>	<u>14,143</u>	
School-Sponsored Cocurricular Act - Instruction:					
Salaries	86,237	9,115	95,352	90,220	5,132
Transfer to cover deficit (agency funds)	14,000		14,000	8,887	5,113
Total school-sponsored cocurr. act. - instruc.	<u>100,237</u>	<u>9,115</u>	<u>109,352</u>	<u>99,107</u>	<u>10,245</u>
School-Sponsored Athletics - Instruction:					
Salaries	338,923	(4,915)	334,008	324,110	9,898
Transfers to cover deficit (agency funds)	240,000	(4,200)	235,800	226,000	9,800
Total school-sponsored athletics - instruc.	<u>578,923</u>	<u>(9,115)</u>	<u>569,808</u>	<u>550,110</u>	<u>19,698</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction:					
Salaries	\$ 4,000		\$ 4,000	\$ 3,660	\$ 340
Total other instructional - instruc.	4,000		4,000	3,660	340
Total Instruction	9,254,734	\$ (1,090)	9,253,644	9,113,750	139,894
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	13,000		13,000		13,000
Tuition to other LEAs within the state - spec	74,500		74,500	44,656	29,844
Tuition to County Voc School Dist. - reg	7,500		7,500		7,500
Tuition to CSSD & reg. day schools	228,060	(77,771)	150,289	87,805	62,484
Tuition to priv. sch. for the disabled in state	698,100	55,000	753,100	541,212	
Tuition - state facilities		22,771	22,771	22,771	
Total undistributed expenditures - instruction	1,021,160		1,021,160	696,444	112,828
Attendance and Social Work:					
Salaries	58,453	(1)	58,452	57,800	652
Supplies and materials	4,000	201	4,201	3,604	597
Total attendance and social work	62,453	200	62,653	61,404	1,249
Health Services:					
Salaries	318,210	7,863	326,073	324,828	1,245
Supplies and materials	4,685	(200)	4,485	2,659	1,826
Total health services	322,895	7,663	330,558	327,487	3,071
Speech, OT, PT, & Related Services:					
Salaries	75,123	1,090	76,213	74,995	1,218
Supplies and materials	3,000		3,000	848	2,152
Total speech, ot, pt & related services	78,123	1,090	79,213	75,843	3,370
Guidance:					
Salaries of other professional staff	410,172	827	410,999	410,999	
Salaries of secretarial and clerical staff	57,831		57,831	57,250	581
Purchased professional - educational services	5,000		5,000	4,798	202
Other purchased services	8,200		8,200	5,926	2,274
Supplies and materials	5,000		5,000	3,867	1,133
Total guidance	486,203	827	487,030	482,840	4,190
Child Study Teams:					
Salaries of other professional staff	480,221		480,221	451,295	28,926
Salaries of secretarial and clerical assistants	72,608	2,310	74,918	73,500	1,418
Purchased professional - educational services	70,000		70,000	56,763	13,237
Other purchased prof. and tech. services	47,500	(2,310)	45,190	11,761	33,429
Miscellaneous purchased services	3,500		3,500	2,683	817
Supplies and materials	5,000		5,000	2,519	2,481
Total child study teams	678,829		678,829	598,521	80,308

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

START HERE

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries	\$ 98,091	\$ 2,320	\$ 100,411	\$ 100,407	\$ 4
Salaries of secretarial and clerical assistants	15,570	30	15,600	15,600	
Total improvement of instructional services	113,661	2,350	116,011	116,007	4
Educational Media Services/School Library:					
Salaries	157,075		157,075	154,130	2,945
Purchased prof. and technical services	9,032	(2,249)	6,783	6,783	
Supplies and materials	35,150	2,249	37,399	36,353	1,046
Total educational media services/school library	201,257		201,257	197,266	3,991
Instructional Staff Training Services:					
Salaries of other professional staff	10,899	260	11,159	11,156	3
Other objects	21,300		21,300	10,715	10,585
Total instructional staff training services	32,199	260	32,459	21,871	10,588
General Administration:					
Salaries	194,423	(38,082)	156,341	156,279	62
Legal services	45,000	15,000	60,000	59,895	105
Audit fees	26,000		26,000	25,100	900
Architectural/Engineering Services	20,000	(12,933)	7,067	7,067	
Other purchased professional services	31,900	38,707	70,607	70,607	
Communications / telephone	61,200	(2,005)	58,195	46,051	13,144
BOE other purchased services	7,500	(6,211)	1,289	855	434
Miscellaneous purchased services	50,310	2,986	53,306	51,020	2,286
Supplies and materials	4,500		4,500	3,032	1,468
Misc. expenditures	28,750		28,750	20,064	8,686
BOE membership dues and fees	11,000		11,000	10,307	693
Total general administration	480,583	(2,528)	478,055	450,277	27,778
School Administration:					
Salaries of principals/assist. principals	528,406		528,406	526,829	1,577
Salaries of secretarial and clerical assistants	240,764	4,937	245,701	243,738	1,963
Other purchased services	59,650	511	60,161	59,275	886
Supplies and materials	18,870		18,870	16,601	2,269
Other objects	6,400	1,000	7,400	6,884	516
Total school administration	854,090	6,448	860,538	853,327	7,211
Central Services:					
Salaries	249,146		249,146	245,333	3,813
Purchased technical services	14,100		14,100	12,555	1,545
Other purchased services	9,150		9,150	6,951	2,199
Supplies and materials	10,000		10,000	6,999	3,001
Interest on Lease purchase Agreements	527		527	527	
Other objects	3,250		3,250	1,248	2,002
Total central services	286,173		286,173	273,613	12,560
Required Maintenance School Facilities:					
Salaries	203,267		203,267	196,010	7,257
Cleaning, repair, and maintenance services	104,000		104,000	59,118	44,882
General supplies	65,000	(1,500)	63,500	59,684	3,816
Total required maintenance school facilities	372,267	(1,500)	370,767	314,812	55,955

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	\$ 718,834	\$ (1,113)	\$ 717,721	\$ 673,415	\$ 44,306
Cleaning, repair, and maintenance services	19,250		19,250	4,765	14,485
Other purchased property services	49,400		49,400	42,900	6,500
Insurance	37,050	5,712	42,762	42,762	
Miscellaneous purchased services	62,250		62,250	36,995	25,255
General supplies	98,500	(900)	97,600	81,660	15,940
Energy (electricity)	331,000		331,000	174,964	156,036
Energy (natural gas)	331,000		331,000	289,431	41,569
Other objects	3,000	1,500	4,500	3,719	781
Total custodial services	1,650,284	5,199	1,655,483	1,350,611	304,872
Care & Upkeep of Grounds					
Salaries	86,289		86,289	86,040	249
Total care & upkeep of grounds	86,289		86,289	86,040	249
Security:					
Salaries	57,504	2,013	59,517	59,517	
Total security	57,504	2,013	59,517	59,517	
Total operation & maint. of plant services	2,168,344	5,712	2,172,056	1,810,980	361,076
Student Transportation Services:					
Salaries for pupil trans. (between home & school)					
- special	21,500		21,500	21,055	445
Salaries (other than between home & school)	25,000	4,000	29,000	9,126	19,874
Salaries for pupil trans. (between home & school)					
- nonpublic	25,000	(4,000)	21,000	15,864	5,136
Cleaning, repair, and maintenance services	15,000		15,000	11,640	3,360
Lease purchase payments - school buses	21,000		21,000		21,000
Contr. serv. (not bet. home & school) - vendors	2,000	2,062	4,062	4,062	
Contr serv (bet. home and school) - joint agree.	5,000		5,000		5,000
Contr. serv. (special ed. students.) - ESCs	220,000	(4,100)	215,900	134,917	80,983
Contr. serv. - aid in lieu of payments	28,000	(6,672)	21,328	11,615	9,713
Supplies and materials	14,000	2,100	16,100	14,430	1,670
Other objects	3,000		3,000	1,650	1,350
Total student transportation services	379,500	(6,610)	372,890	224,359	148,531
Unallocated Benefits - Employee Benefits:					
Social security contributions	240,000		240,000	238,952	1,048
Other retirement contributions - regular	175,000		175,000	147,825	27,175
Workmen's compensation	142,000	(5,712)	136,288	101,902	34,386
Health benefits	2,665,000	(59,196)	2,605,804	2,366,059	239,745
Tuition reimbursement	20,000	(5,347)	14,653	12,950	1,703
Other employee benefits	5,700	55,933	61,633	61,633	
Total unallocated benefits - employee benefits	3,247,700	(14,322)	3,233,378	2,929,321	304,057
On-behalf TPAF pension contr. (non-budgeted)				609,260	(609,260)
Reimbursed TPAF social security contr. (non-budgeted)				742,343	(742,343)
Total Undistributed Expenditures	10,411,170	1,090	10,412,260	10,471,163	(270,791)
Total General Current Expense	19,665,904		19,665,904	19,584,913	(130,897)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Instruction - Grades 1-5	\$ 18,200		\$ 18,200	\$ 17,324	\$ 876
Instruction - Grades 9-12	37,000		37,000	36,697	303
Total Equipment	55,200		55,200	54,021	1,179
Facilities Acquisition and Construction Services:					
Construction services	200,000		200,000	194,371	5,629
Lease purchase agreements - principal	14,919		14,919	14,919	
Total Facilities Acquisition and Constr. Services	214,919		214,919	209,290	5,629
Total Capital Outlay	270,119		270,119	263,311	6,808
TOTAL EXPENDITURES	19,936,023		19,936,023	19,848,224	(124,089)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(541,477)		(541,477)	554,545	884,134
Other Financing Sources:					
Transfers out					
Transfers In					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(541,477)		(541,477)	554,545	884,134
Fund Balance - July 1, 2009	2,027,487		2,027,487	2,027,487	
Fund Balance - June 30, 2010	<u>\$ 1,486,010</u>	<u>\$ -</u>	<u>\$ 1,486,010</u>	<u>\$ 2,582,032</u>	<u>\$ 884,134</u>
Recapitulation:					
Capital Reserve				\$ 202,000	
Reserve for Excess Surplus				914,878	
Unreserved:					
Designated for Subsequent Year's Expenditures				1,071,364	
Undesignated Fund Balance				393,790	
				<u>2,582,032</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(88,205)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,493,827</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**HADDON HEIGHTS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 American Recovery & Reinvestment Act - Education Stabilization Funds
 General Fund
 For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources:					
Education Stabilization Funds		\$ 80,385	\$ 80,385	\$ 80,385	
Total Revenues		<u>80,385</u>	<u>80,385</u>	<u>80,385</u>	
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers Grades 9-12		80,385	80,385	80,385	
Total - Regular Programs - Instruction		<u>80,385</u>	<u>80,385</u>	<u>80,385</u>	
Total Expenditures		<u>80,385</u>	<u>80,385</u>	<u>80,385</u>	
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
American Recovery & Reinvestment Act - Government Services Fund
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources:					
Government Services Funds		\$ 3,112	\$ 3,112	\$ 3,112	
Total Revenues		<u>3,112</u>	<u>3,112</u>	<u>3,112</u>	
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers Grades 9-12		3,112	3,112	3,112	
Total - Regular Programs - Instruction		<u>3,112</u>	<u>3,112</u>	<u>3,112</u>	
Total Expenditures		<u>3,112</u>	<u>3,112</u>	<u>3,112</u>	
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State sources	\$ 539,790		\$ 539,790	\$ 503,228	\$ (36,562)
Federal sources	859,399		859,399	633,826	(225,573)
Total Revenues	1,399,189		1,399,189	1,137,054	(262,135)
EXPENDITURES:					
Instruction:					
Salaries of teachers	110,700		110,700	69,490	41,210
Purchased professional - educ. services	21,631		21,631	10,843	10,788
Other purchased services	479,568		479,568	445,984	33,584
Tuition	100,000		100,000	100,000	
Travel	1,000		1,000	279	721
General supplies	166,472		166,472	124,675	41,797
Textbooks	43,812		43,812	43,801	11
Other objects	3,749		3,749	999	2,750
Total instruction	926,932		926,932	796,071	130,861
Support services:					
Salaries of other professional staff	80,774		80,774	55,701	25,073
Personal services - employee benefits	30,969		30,969	20,975	9,994
Purchased professional - educ. services	234,133		234,133	177,153	56,980
Purchased professional - tech. services	6,237		6,237	6,237	
Other purchased services	9,845		9,845	6,356	3,489
Travel	11,209		11,209	4,353	6,856
Supplies and materials	94,840		94,840	65,958	28,882
Other objects	22,283		4,250	4,250	
Total support services	490,290		472,257	340,983	131,274
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acq. and const. services					
Total Expenditures	1,417,222		1,399,189	1,137,054	262,135
Total Outflows	1,417,222		1,399,189	1,137,054	262,135
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

HADDON HEIGHTS SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2010

**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 schedules	\$ 20,402,769	\$ 1,137,054
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	99,804	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(88,205)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 20,414,368	\$ 1,137,054
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 19,848,224	\$ 1,137,054
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 19,848,224	\$ 1,137,054

Other Supplementary Information

**Special Revenue Fund
Detail Statements**

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

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Other Prog. (See E-1A)	Total Other Prog. (See E-1B)	Total Other Prog. (See E-1C)	Totals
REVENUES:				
State sources	\$ 488,278	\$ 14,950		\$ 503,228
Federal sources		147,017	\$ 486,809	633,826
Total Revenues	488,278	161,967	486,809	1,137,054
EXPENDITURES:				
Instruction:				
Salaries of teachers		2,000	67,490	69,490
Purchased prof. educational services			10,843	10,843
Other purchased services	431,034	14,950		445,984
Tuition			100,000	100,000
Travel		279		279
General supplies	10,183	34,104	80,388	124,675
Textbooks	43,801			43,801
Other objects			999	999
Total instruction	485,018	51,333	259,720	796,071
Support services:				
Salaries of other prof. staff	2,055	23,626	30,020	55,701
Personal services - employee benefits		554	20,421	20,975
Purchased prof. educational services		48,166	128,987	177,153
Purchased prof. technical services		6,237		6,237
Other purchased services		1,745	4,611	6,356
Travel	1,205	2,001	1,147	4,353
Supplies and materials		24,555	41,403	65,958
Other objects		3,750	500	4,250
Total support services	3,260	110,634	227,089	340,983
Facilities acquisition and const. serv.:				
Instructional equipment				
Total facilities acq. and const. serv.				
Total Expenditures	488,278	161,967	486,809	1,137,054
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Nonpublic Comp. Ed.	Nonpublic Transport.	Nonpublic Exam/ Classification	Nonpublic Speech	Nonpublic Supplemental Instruction	Nonpublic Textbooks	Nonpublic Nursing	Vocational Aid	Total
REVENUES:									
State sources	\$ 222,987	\$ 2,526	\$ 54,262	\$ 67,670	\$ 31,633	\$ 43,801	\$ 51,956	\$ 13,443	\$ 488,278
Federal sources									
Total Revenues	<u>222,987</u>	<u>2,526</u>	<u>54,262</u>	<u>67,670</u>	<u>31,633</u>	<u>43,801</u>	<u>51,956</u>	<u>13,443</u>	<u>488,278</u>
EXPENDITURES:									
Instruction:									
Other purchased services	222,987	2,526	54,262	67,670	31,633		51,956		431,034
General supplies								10,183	10,183
Textbooks						43,801			43,801
Total instruction	<u>222,987</u>	<u>2,526</u>	<u>54,262</u>	<u>67,670</u>	<u>31,633</u>	<u>43,801</u>	<u>51,956</u>	<u>10,183</u>	<u>485,018</u>
Support services:									
Salaries of teachers								2,055	2,055
Travel								1,205	1,205
Total support services								<u>3,260</u>	<u>3,260</u>
Facilities acquisition and const. serv.:									
Instructional equipment									
Total facilities acq. and const. serv.									
Total Expenditures	<u>222,987</u>	<u>2,526</u>	<u>54,262</u>	<u>67,670</u>	<u>31,633</u>	<u>43,801</u>	<u>51,956</u>	<u>13,443</u>	<u>488,278</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Nonpublic ESL	Nonpublic Home Instruction	Title I	ARRA Title I	Title I Carryover	Title I SIA Carryover	Title II A	Title II A Carryover	Total
REVENUES:									
State sources	\$ 10,689	\$ 4,261							\$ 14,950
Federal sources			\$ 37,582	\$ 18,390	\$ 42,060	\$ 3,859	\$ 29,783	\$ 15,343	147,017
Total Revenues	10,689	4,261	37,582	18,390	42,060	3,859	29,783	15,343	161,967
EXPENDITURES:									
Instruction:									
Salaries of teachers					2,000				2,000
Other purchased services	10,689	4,261							14,950
Travel			279						279
General supplies			20,000	2,041	3,486	3,305	2,614	2,658	34,104
Total instruction	10,689	4,261	20,279	2,041	5,486	3,305	2,614	2,658	51,333
Support services:									
Salaries of teachers			158		17,808		390	5,270	23,626
Personal services-employee benefits						554			554
Purchased prof. educ. services			7,084	16,349	6,420		17,385	928	48,166
Purchased prof. tech. services								6,237	6,237
Travel			784				1,217		2,001
Other purchased services					1,745				1,745
Supplies and materials			9,070		7,058		8,177	250	24,555
Other objects			207		3,543				3,750
Total support services			17,303	16,349	36,574	554	27,169	12,685	110,634
Facilities acquisition and const. serv.:									
Instructional equipment									
Total facilities acq. and const. serv.									
Total Expenditures	10,689	4,261	37,582	18,390	42,060	3,859	29,783	15,343	161,967
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

**HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010**

	Title II D	Title IV	Title IV Carryover	IDEA Basic	ARRA IDEA Basic	IDEA Basic Carryover	IDEA Preschool	ARRA IDEA Preschool	IDEA Preschool Carryover	Total
REVENUES:										
State sources										
Federal sources	\$ 551	\$ 3,156	\$ 1,364	\$ 245,832	\$ 217,774	\$ 3,050	\$ 10,380	\$ 4,291	\$ 411	\$ 486,809
Total Revenues	551	3,156	1,364	245,832	217,774	3,050	10,380	4,291	411	486,809
EXPENDITURES:										
Instruction:										
Salaries of teachers				10,000	52,490		5,000			67,490
Purchased prof. educ. services		500	890	3,500	5,953					10,843
Tuition				100,000						100,000
General supplies	355	1,329	474	19,008	54,467	2,438		1,957	360	80,388
Other objects					792			207		999
Total instruction	355	1,829	1,364	132,508	113,702	2,438	5,000	2,164	360	259,720
Support services:										
Salaries of other prof. staff				25,444	670	606	3,300			30,020
Personal services-employee benefits				6,148	13,633	6	634			20,421
Purchased prof. educ. services	78	784		59,130	68,995					128,987
Other purchased services				2,500	1,994			117		4,611
Travel		43			1,104					1,147
Supplies and materials	118			20,102	17,676		1,446	2,010	51	41,403
Other objects		500								500
Total support services	196	1,327		113,324	104,072	612	5,380	2,127	51	227,089
Facilities acquisition and const. serv.:										
Instructional equipment										
Total facilities acq. and const. serv.										
Total Expenditures	551	3,156	1,364	245,832	217,774	3,050	10,380	4,291	411	486,809
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)										

**Capital Projects Fund
Detail Statements**

The Capital Projects Fund is used to account for the acquisition, construction and/or renovation of major facilities and equipment purchases other than those financed by Proprietary Funds.

**HADDON HEIGHTS SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2010**

Revenues and Other Financing Sources:

Total revenues and other financing sources	0
--	---

Expenditures and Other Financing (Uses):

Construction services	\$ 19,787
Transfer to Debt Service Fund	31,507

Total expenditures and other financing (uses)	51,294
---	--------

Excess (deficiency) or revenues over (under) expenditures	(51,294)
---	----------

Fund Balance - July 1, 2009	129,092
-----------------------------	---------

Fund Balance - June 30, 2010	\$ 77,798
------------------------------	-----------

HADDON HEIGHTS SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Renovations to High School
From Inception and for the Fiscal Year ended June 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 4,088,986		\$ 4,088,986	\$ 4,088,986
Bond proceeds	6,859,246		6,859,246	6,859,246
Total revenues	<u>10,948,232</u>	<u>0</u>	<u>10,948,232</u>	<u>10,948,232</u>
Expenditures and Other Financing Uses:				
Purchased professional services	695,559		695,559	695,559
Construction services	10,201,379	\$ 19,787	10,221,166	10,221,166
Transfer to Debt Service Fund		31,507	31,507	31,507
	<u>10,896,938</u>	<u>51,294</u>	<u>10,948,232</u>	<u>10,948,232</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 51,294</u>	<u>\$ (51,294)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	1880-050-05-1000			
Grant Date	06/03/05			
Bond Authorization Date	07/01/05			
Bonds Authorized	\$ 7,011,254			
Bonds Issued	\$ 7,011,254			
Original Authorized Cost	\$ 11,100,240			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 11,100,240			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage Completion	95.00%			
Original target completion date	12/01/06			
Revised target completion date	12/01/08			

Proprietary Funds Detail Statements

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

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

HADDON HEIGHTS SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2010

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 28,907
Accounts receivable:	
State	265
Federal	4,573
Other	1,113
Inventories	<u>10,708</u>
Total Current Assets	<u>45,566</u>
Noncurrent Assets:	
Equipment	40,541
Less - accumulated depreciation	<u>(35,007)</u>
Total Noncurrent Assets	<u>5,534</u>
Total Assets	<u>51,100</u>
 LIABILITIES:	
Current Liabilities:	
Accounts payable	925
Total Current Liabilities	<u>925</u>
 NET ASSETS:	
Capital	5,534
Unrestricted	<u>44,641</u>
Total Net Assets	<u>\$ 50,175</u>

HADDON HEIGHTS SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 98,066
Daily sales non-reimbursable programs	
Adult and alacarte sales	118,285
Special functions	36,180
	<hr/>
Total Operating Revenues	252,531
OPERATING EXPENSES:	
Salaries and fringe benefits	141,600
Management fee	19,500
Supplies and materials	10,833
Other costs	13,277
Depreciation	1,353
Cost of sales	143,645
	<hr/>
Total Operating Expenses	330,208
Operating Income (Loss)	<hr/> <u>(77,677)</u>
Non-Operating Revenues:	
State sources:	
State school lunch program	4,278
Federal sources:	
National school lunch program	76,073
Food distribution program	17,715
Local sources:	
Interest earned	345
	<hr/>
Total Non-Operating Revenues	98,411
Income (Loss) before Contributions and Transfers	20,734
Operating Transfer In	<hr/>
Changes in Net Assets	20,734
Net Assets - July 1, 2009	<hr/> 29,441
Net Assets - June 30, 2010	<hr/> <u>\$ 50,175</u>

HADDON HEIGHTS SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 252,531
Cash payments to employees for services	(141,600)
Cash payments to suppliers for goods and services	<u>(186,542)</u>
Net cash provided by (used for) operating activities	<u>(75,611)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	4,201
Cash received from federal sources	92,276
Operating transfer in	<u>96,477</u>
Net cash provided by noncapital financing activities	<u>96,477</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<u> </u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>345</u>
Net increase (decrease) in cash and cash equivalents	21,211
Cash and cash equivalents - July 1, 2009	<u>7,696</u>
Cash and cash equivalents - June 30, 2010	<u>\$ 28,907</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (77,677)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,353
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	301
(Increase) decrease in inventories	(513)
Increase (decrease) in accounts payable	<u>925</u>
Net cash provided by (used for) operating activities	<u>\$ (75,611)</u>
Noncash Noncapital Financing Activities:	
During the year the District received \$17,715 of food commodities from the U.S. Department of Agriculture.	

Fiduciary Funds Detail Statements

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

Unemployment Compensation Insurance Fund - This fiduciary fund is used to pay unemployment compensation claims.

Scholarship Fund - This fiduciary fund is used to account for assets held by the district for grants to students.

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

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

Student Activity Fund - This agency fund is used to account for the funds held by the district to be used for student related projects.

HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2010

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$ 102,087	\$ 239,254	\$ 197,856	\$ 130,393	\$ 669,590
Total Assets	<u>102,087</u>	<u>239,254</u>	<u>\$ 197,856</u>	<u>\$ 130,393</u>	<u>669,590</u>
LIABILITIES:					
Liabilities:					
Payroll deductions payable				\$ 130,393	130,393
Due to student groups			<u>\$ 197,856</u>		<u>197,856</u>
Total Liabilities			<u>\$ 197,856</u>	<u>\$ 130,393</u>	<u>328,249</u>
NET ASSETS:					
Held in trust for unemployment claims	102,087				102,087
Held in trust for scholarships		<u>239,254</u>			<u>239,254</u>
Total Net Assets	<u>\$ 102,087</u>	<u>\$ 239,254</u>			<u>\$ 341,341</u>

**HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010**

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
Additions:			
Interest on investments	\$ 451	\$ 922	\$ 1,373
Contributions	163,320		163,320
Employee withholdings		29,391	29,391
Total Additions	<u>163,771</u>	<u>30,313</u>	<u>194,084</u>
Deductions:			
Unemployment compensation insurance claims		22,383	22,383
Scholarships	1,650		1,650
Total Deductions	<u>1,650</u>	<u>22,383</u>	<u>24,033</u>
Change in Net Assets	162,121	7,930	170,051
Net Assets - July 1, 2009	<u>77,133</u>	<u>94,157</u>	<u>171,290</u>
Net Assets - June 30, 2010	<u>\$ 239,254</u>	<u>\$ 102,087</u>	<u>\$ 341,341</u>

HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
High School	\$ 96,363	\$ 278,440	\$ 265,587	\$ 6,307	\$ 115,523
Atlantic Avenue School	3,128	5,192	4,851	589	4,058
Seventh Avenue School	1,938	4,189	3,953	274	2,448
Glenview Avenue School	8,089	13,112	16,427	2,162	6,936
Elementary Extra-Curricular	1,388	1,825	1,741	83	1,555
Co-Curricular Non-Athletic	4,081	23,578	29,591	1,105	(827)
District	66,846	92,313	86,525	(11,801)	60,833
Athletics	11,112	266,737	269,644	(875)	7,330
Total all schools	<u>\$ 192,945</u>	<u>\$ 685,386</u>	<u>\$ 678,319</u>	<u>\$ (2,156)</u>	<u>\$ 197,856</u>

HADDON HEIGHTS SCHOOL DISTRICT
Fiduciary Funds
Payrol Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 91,501</u>	<u>\$ 14,066,586</u>	<u>\$ 14,027,694</u>	<u>\$ 130,393</u>
Total Assets	<u><u>\$ 91,501</u></u>	<u><u>\$ 14,066,586</u></u>	<u><u>\$ 14,027,694</u></u>	<u><u>\$ 130,393</u></u>
 LIABILITIES:				
Net payroll		\$ 8,132,094	\$ 8,132,094	
Payroll deductions and withholdings	<u>\$ 91,501</u>	<u>5,934,492</u>	<u>5,895,600</u>	<u>\$ 130,393</u>
Total Liabilities	<u><u>\$ 91,501</u></u>	<u><u>\$ 14,066,586</u></u>	<u><u>\$ 14,027,694</u></u>	<u><u>\$ 130,393</u></u>

Long-Term Debt Schedules

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010								
			Date	Amount													
Renovations and Improvements to various school buildings Principal Paid 5/1 Interest Paid 5/1 & 9/1	5/1/97	\$ 2,333,000	5/1/11	\$ 210,000	5.20%	\$ 628,000		\$ 205,000	\$ 423,000								
			5/1/12	213,000													
Taxable Refunding Bonds Principal Paid 10/1 Interest Paid 10/1 & 4/1	4/29/03	810,000	10/1/10	97,000	1.90% to 5.70%	405,000		92,000	313,000								
			10/1/11	102,000													
			10/1/12	114,000													
Certificates of Participation Renovations to High School Principal Paid 11/1 & 5/1 Interest Paid 11/1 & 5/1	11/01/98	800,000	2010/11	65,000	4.95%	265,000		60,000	205,000								
			2011/12	70,000													
			2012/13	70,000													
Renovations and Improvements to various school buildings Principal Paid 4/1 Interest Paid 4/1 & 10/1	7/1/05	13,569,000	1/1/11 - 12	125,000	4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.25% 4.30% 4.375%	13,249,000			13,124,000								
			1/1/13	350,000													
			1/1/14	550,000													
			1/1/15	570,000													
			1/1/16	595,000													
			1/1/17	614,000													
			1/1/18	640,000													
			1/1/19	660,000													
			1/1/20	680,000													
			1/1/21	700,000													
			1/1/22	730,000													
			1/1/23	760,000													
			1/1/24	790,000													
			1/1/25	820,000													
			1/1/26	850,000													
			1/1/27	870,000													
			1/1/28	880,000													
			1/1/29	905,000													
			1/1/30	910,000													
														<u>\$ 14,547,000</u>	<u>\$ -</u>	<u>\$ 482,000</u>	<u>\$ 14,065,000</u>

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2010

Series	Date of Lease	Maturity Date	Interest Rate	Amount of Original Issue		Amount Outstanding July 1, 2009	Issued	Retired	Amount Outstanding June 30, 2010
				Principal	Interest				
Telephone System	1/09/04	1/09/10	3.53%	\$ 97,664	\$ 10,451	\$ 14,918		\$ 14,918	\$ -
						<u>\$ 14,918</u>	<u>\$ -</u>	<u>\$ 14,918</u>	<u>\$ -</u>

HADDON HEIGHTS SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,037,718		\$ 1,037,718	\$ 1,037,718	
Miscellaneous - interest earned				74	\$ 74
Total local sources	1,037,718		1,037,718	1,037,792	74
State sources:					
State Aid	5,281		5,281	5,281	
Total Revenues	<u>1,042,999</u>		<u>1,042,999</u>	<u>1,043,073</u>	<u>74</u>
EXPENDITURES:					
Regular debt service:					
Lease Purchase Agreement:					
Redemption of principal	60,000		60,000	60,000	
Interest payment	12,375		12,375	12,371	\$ 4
Interest on early retirement of bonds	18,921		18,921	18,921	
Interest on bonds	617,579		617,579	617,578	1
Redemption of principal	<u>422,000</u>		<u>422,000</u>	<u>422,000</u>	
Total regular debt service	<u>1,130,875</u>		<u>1,130,875</u>	<u>1,130,870</u>	<u>5</u>
Excess (Deficiency) of revenues over (under) expenditures	(87,876)		(87,876)	(87,797)	79
Other Financing Sources (Uses):					
Transfer In				31,507	31,507
Transfer out					
Net Change in Fund Balance	(87,876)		(87,876)	(56,290)	31,586
Fund Balance - July 1, 2009	<u>114,639</u>		<u>114,639</u>	<u>114,639</u>	
Fund Balance - June 30, 2010	<u>\$ 26,763</u>	<u>\$ -</u>	<u>\$ 26,763</u>	<u>\$ 58,349</u>	<u>\$ 31,586</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (87,876)</u>	<u>\$ -</u>	<u>\$ (87,876)</u>	<u>\$ (87,797)</u>	<u>\$ 79</u>

Statistical Section

Haddon Heights School District
Net Assets by Component,
Last Eight Fiscal Years
(accrual basis of accounting)

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	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Invested in capital assets, net of related debt	\$ 664,633	\$ (13,466)	\$ 241,426	\$ 7,117,362	\$ 8,498,924	\$8,859,631	\$ 9,130,657	\$ 9,099,308
Restricted for:								
Capital projects			(349)	471,467	174,906	72,483	232,137	202,000
Debt service			76,758	322,458	78,789	166,429	192,437	136,147
Other purposes	307,341	579,403	532,273	644,129	785,110	1,123,739	1,412,841	1,986,242
Unrestricted	(738,581)	(352,220)	(336,857)	(841,801)	(538,179)	(363,938)	(309,007)	(332,076)
Total governmental activities net assets	<u>\$ 233,393</u>	<u>\$ 213,717</u>	<u>\$ 513,251</u>	<u>\$ 7,713,615</u>	<u>\$ 8,999,550</u>	<u>\$9,858,344</u>	<u>\$10,659,065</u>	<u>\$ 11,091,621</u>
Business-type activities:								
Invested in capital assets, net of related debt	\$ 16,760	\$ 13,859	\$ 11,992	\$ 10,273	\$ 7,889	\$ 8,558	\$ 6,887	\$ 5,534
Unrestricted	15,330	12,861	8,325	5,302	7,770	7,340	22,554	44,641
Total business-type activities net assets	<u>\$ 32,090</u>	<u>\$ 26,720</u>	<u>\$ 20,317</u>	<u>\$ 15,575</u>	<u>\$ 15,659</u>	<u>\$ 15,898</u>	<u>\$ 29,441</u>	<u>\$ 50,175</u>
District-wide:								
Invested in capital assets, net of related debt	\$ 681,393	\$ 393	\$ 253,418	\$ 7,127,635	\$ 8,506,813	\$8,868,189	\$ 9,137,544	\$ 9,104,842
Restricted:								
Capital projects	-	-	(349)	471,467	174,906	72,483	232,137	202,000
Debt service	-	-	76,758	322,458	78,789	166,429	192,437	136,147
Other purposes	307,341	579,403	532,273	644,129	785,110	1,123,739	1,412,841	1,986,242
Unrestricted	(723,251)	(339,359)	(328,532)	(836,499)	(530,409)	(356,598)	(286,453)	(287,435)
Total district net assets	<u>\$ 265,483</u>	<u>\$ 240,437</u>	<u>\$ 533,568</u>	<u>\$ 7,729,190</u>	<u>\$ 9,015,209</u>	<u>\$9,874,242</u>	<u>\$10,688,506</u>	<u>\$ 11,141,796</u>

Haddon Heights School District
 Changes in Net Assets, Last Eight Fiscal Years
 (accrual basis of accounting)

		Fiscal Year Ending June 30,							
		2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Governmental activities:									
Instruction:									
Regular	\$	7,207,077	7,325,941	7,883,410	6,452,459	6,672,626	6,568,663	7,082,092	6,534,308
Special education		1,079,055	1,421,253	1,671,566	1,271,129	1,374,376	1,409,584	1,496,208	2,365,330
Other instruction		893,310	989,060	1,077,755	883,557	931,949	989,845	1,063,020	1,079,270
Support Services:									
Tuition		942,137	995,587	1,015,748	1,038,007	1,157,060	1,204,880	722,839	698,444
Student & instruction related services		1,788,757	1,919,992	1,992,282	1,603,318	1,898,488	1,895,719	2,000,692	2,222,222
School administrative services		845,557	889,759	879,450	713,351	761,705	815,323	848,691	853,327
General and business administrative services		593,933	601,719	931,663	744,597	717,961	700,279	769,412	724,357
Plant operations and maintenance		1,220,256	1,687,262	1,374,328	1,209,994	1,383,070	1,925,888	2,040,992	2,026,025
Pupil transportation		310,943	359,292	387,663	367,713	373,070	353,369	319,488	224,359
Business and other support services		250,771	279,239						
Unallocated employee benefits					3,682,058	4,493,041	4,721,409	4,189,919	4,280,924
Interest on long-term debt		126,786	147,729	162,681	659,614	703,349	661,319	776,363	642,884
Unallocated depreciation		29,495	21,385	25,988	132,814	25,196	92,350	525,233	531,646
Total governmental activities expenses		<u>15,288,077</u>	<u>16,638,218</u>	<u>17,402,534</u>	<u>18,758,611</u>	<u>20,491,893</u>	<u>21,338,628</u>	<u>21,814,949</u>	<u>22,181,096</u>
Business-type activities:									
Food service		333,696	345,998	363,940	354,152	270,637	310,527	325,484	330,208
Total business-type activities expense		<u>333,696</u>	<u>345,998</u>	<u>363,940</u>	<u>354,152</u>	<u>270,637</u>	<u>310,527</u>	<u>325,484</u>	<u>330,208</u>
Total district expenses		<u>\$ 15,621,773</u>	<u>\$ 16,984,216</u>	<u>\$ 17,766,474</u>	<u>\$ 19,112,763</u>	<u>\$ 20,762,530</u>	<u>\$ 21,649,155</u>	<u>\$ 22,140,433</u>	<u>\$ 22,511,304</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
Instruction (tuition)	\$	3,125,068	3,585,603	4,032,082	4,601,958	5,098,341	6,122,995	6,928,773	8,016,589
Operating grants and contributions		1,719,089	1,869,343	2,003,675	2,184,852	2,845,131	2,687,258	2,021,227	2,493,938
Capital grants and contributions		19,262			6,983,012	297,063	31,036	17,113	19,157
Total governmental activities program revenues		<u>4,863,419</u>	<u>5,454,946</u>	<u>6,035,757</u>	<u>13,769,822</u>	<u>8,240,535</u>	<u>8,841,289</u>	<u>8,967,113</u>	<u>10,529,684</u>

(Continued)

Haddon Heights School District
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:								
Charges for services:								
Food service	278,913	288,803	304,115	296,256	176,815	244,923	260,137	252,531
Operating grants and contributions	48,991	51,552	52,978	52,365	53,325	65,354	78,560	98,066
Capital grants and contributions								
Total business type activities program revenues	<u>327,904</u>	<u>340,355</u>	<u>357,093</u>	<u>348,621</u>	<u>230,140</u>	<u>310,277</u>	<u>338,697</u>	<u>350,597</u>
Total district program revenues	<u>\$ 5,191,323</u>	<u>\$ 5,795,301</u>	<u>\$ 6,392,850</u>	<u>\$ 14,118,443</u>	<u>\$ 8,470,675</u>	<u>\$ 9,151,566</u>	<u>\$ 9,305,810</u>	<u>\$ 10,880,281</u>
Net (Expense)/Revenue:								
Governmental activities	\$(10,424,658)	\$(11,183,272)	\$(11,366,777)	\$ (4,988,789)	\$ (12,251,358)	\$ (12,497,339)	\$(12,847,836)	\$ (11,651,412)
Business-type activities	(5,792)	(5,643)	(6,847)	(5,531)	(40,497)	(250)	13,213	20,389
Total district-wide net expense	<u>\$(10,430,450)</u>	<u>\$ (11,188,915)</u>	<u>\$ (11,373,624)</u>	<u>\$ (4,994,320)</u>	<u>\$ (12,291,855)</u>	<u>\$ (12,497,589)</u>	<u>\$(12,834,623)</u>	<u>\$ (11,631,023)</u>
General Revenues and Other Changes in Net Assets:								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 8,947,627	\$ 9,084,645	\$ 9,372,588	\$ 9,667,977	\$ 10,093,596	\$ 10,451,834	\$ 10,636,263	\$ 9,574,359
Taxes levied for debt service	292,613	347,593	428,795	426,201	1,139,338	1,091,460	1,217,979	1,037,718
Unrestricted grants and contributions	1,494,817	1,677,533	1,804,523	1,727,725	1,720,518	1,773,417	1,728,931	1,247,441
Investment earnings	719	306	1,032	248,577	453,704	84,187	20,092	2,074
Miscellaneous income	75,615	53,519	59,373	118,673	170,137	384,441	45,292	222,376
Reclassification of professional services						(429,206)		
Transfers					(40,000)			
Total governmental activities	<u>10,811,391</u>	<u>11,163,596</u>	<u>11,666,311</u>	<u>12,189,153</u>	<u>13,537,293</u>	<u>13,356,133</u>	<u>13,648,557</u>	<u>12,083,968</u>
Business-type activities:								
Investment earnings	282	273	444	789	581	489	330	345
Transfers					40,000			
Total business-type activities	<u>282</u>	<u>273</u>	<u>444</u>	<u>789</u>	<u>40,581</u>	<u>489</u>	<u>330</u>	<u>345</u>
Total district-wide	<u>\$ 10,811,673</u>	<u>\$ 11,163,869</u>	<u>\$ 11,666,755</u>	<u>\$ 12,189,942</u>	<u>\$ 13,577,874</u>	<u>\$ 13,356,622</u>	<u>\$ 13,648,887</u>	<u>\$ 12,084,313</u>
Change in Net Assets:								
Governmental activities	\$ 386,733	\$ (19,676)	\$ 299,534	\$ 7,200,364	\$ 1,285,935	\$ 858,794	\$ 800,721	\$ 432,556
Business-type activities	(5,510)	(5,370)	(6,403)	(4,742)	84	239	13,543	20,734
Total district-wide	<u>\$ 381,223</u>	<u>\$ (25,046)</u>	<u>\$ 293,131</u>	<u>\$ 7,195,622</u>	<u>\$ 1,286,019</u>	<u>\$ 859,033</u>	<u>\$ 814,264</u>	<u>\$ 453,290</u>

**Haddon Heights School District
Fund Balances, Governmental Funds,
Last Eight Fiscal Years**
(modified accrual basis of accounting)

J-3

		Fiscal Year Ending June 30,							
		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:									
Reserved for:									
Excess surplus			\$ 80,340	\$ 132,273	\$ 244,129	\$ 10,110	\$ 500,709	\$ 871,364	\$ 914,878
Encumbrances							303,030		
Capital reserve								200,000	202,000
Unreserved									
Undesignated	\$	562,204	370,926	236,885	252,173	307,304	332,303	314,842	305,585
Designated for subsequent year's budget		225,000	410,000	400,000	400,000	775,000	320,000	541,477	1,071,364
Total general fund	\$	<u>787,204</u>	<u>861,266</u>	<u>769,158</u>	<u>896,302</u>	<u>1,092,414</u>	<u>1,456,042</u>	<u>1,927,683</u>	<u>2,493,827</u>
All Other Governmental Funds									
Unreserved, reported in:									
Special revenue fund	\$	(1,935)							
Capital projects fund		6,241	\$ 6,241	\$ (349)	\$ 471,467	\$ 247,505	\$ 145,082	\$ 109,935	\$ 77,798
Debt service fund		96,918	82,822	76,758	322,458	6,190	93,830	114,639	58,349
Total all other governmental funds	\$	<u>101,224</u>	<u>89,063</u>	<u>76,409</u>	<u>793,925</u>	<u>253,695</u>	<u>238,912</u>	<u>224,574</u>	<u>136,147</u>

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Haddon Heights School District
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

J-4

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	\$ 7,568,665	\$ 8,076,105	\$ 9,240,240	\$ 9,432,238	\$ 9,801,383	\$ 10,094,178	\$ 11,232,934	\$ 11,543,294	\$ 11,854,242	\$ 10,612,077
Tuition charges	3,208,763	3,071,297	3,125,068	3,585,803	4,032,082	4,601,958	5,098,341	6,122,995	6,928,773	8,016,589
Interest earnings	1,777	1,872	719	306	1,032	248,577	453,704	84,187	20,092	2,074
Miscellaneous	139,685	44,938	75,615	53,519	59,373	118,673	170,137	384,441	45,292	222,376
State sources	2,942,941	2,401,730	2,897,867	3,199,310	3,507,648	10,525,131	4,362,960	4,140,828	3,420,025	3,043,213
Federal sources	339,476	402,799	335,300	347,566	364,211	400,907	499,752	350,883	347,246	717,323
Total revenue	14,201,307	13,998,741	15,674,809	16,618,542	17,765,729	25,989,424	21,817,828	22,626,628	22,615,670	22,613,652
Expenditures										
Instruction										
Regular instruction	5,370,906	5,432,672	5,540,905	5,716,175	6,080,597	6,298,930	6,443,732	6,579,660	6,991,566	6,465,221
Special education instruction	721,849	728,885	829,374	1,100,261	1,274,912	1,271,129	1,374,376	1,409,584	1,496,208	2,365,330
Other instruction	663,439	737,942	720,649	802,284	865,635	883,557	931,949	989,845	1,063,020	1,079,270
Support Services:										
Tuition	862,676	892,753	942,137	995,587	1,015,748	1,038,007	1,157,060	1,204,880	722,839	696,444
Student & instruction related services	1,321,702	1,405,594	1,429,818	1,543,067	1,570,145	1,603,318	1,898,488	1,895,719	2,000,692	2,222,222
School administrative services	640,228	689,429	664,186	704,863	691,162	713,351	761,705	815,323	848,691	853,327
General and business admin.services	613,760	608,237	658,716	706,067	738,523	706,531	679,530	698,351	767,484	723,890
Plant operations and maintenance	1,001,407	840,416	1,126,233	1,134,653	1,265,126	1,390,954	1,463,123	1,922,979	1,928,739	1,810,980
Pupil transportation	276,902	224,285	295,862	343,660	365,087	367,713	373,070	353,369	319,488	224,359
Other support services	2,088,227	2,066,593	2,598,599	2,923,402	3,296,536	3,682,058	4,493,041	4,721,409	4,189,919	4,280,924
Capital outlay	408,501	532,252	207,494	565,150	268,756	20,511,740	1,181,714	591,899	601,136	283,098
Debt service:										
Principal	160,000	175,000	195,000	220,000	302,000	307,000	426,960	427,000	446,703	482,000
Interest and other charges	144,006	130,203	126,786	147,729	138,264	124,476	957,198	666,282	781,882	648,870
Total expenditures	14,273,603	14,484,261	15,335,759	16,902,898	17,870,491	38,898,764	22,121,946	22,276,300	22,158,367	22,135,935
Excess (Deficiency) of revenues over (under) expenditures	(72,296)	(465,520)	339,050	(284,356)	(104,762)	(12,909,340)	(304,118)	350,328	457,303	477,717
Other Financing sources (uses)										
Proceeds from borrowing						13,569,000				
Capital lease				346,257		185,000				
Transfers in		54,000	42,120			245,465	449,382	84,187		31,507
Transfers out		(54,000)	(42,120)			(245,465)	(489,382)	(85,670)		(31,507)
Total other financing sources (uses)	-	-	-	346,257	-	13,754,000	(40,000)	(1,483)	-	-
Net change in fund balances	\$ (72,296)	\$ (465,520)	\$ 339,050	\$ 61,801	\$ (104,782)	\$ 844,680	\$ (344,118)	\$ 348,845	\$ 457,303	\$ 477,717
Debt service as a percentage of noncapital expenditures	2.19%	2.19%	2.13%	2.25%	2.50%	2.35%	6.60%	5.04%	5.70%	5.17%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Haddon Heights School District
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

J-5

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Fiscal Year Ending June 30,	Interest on Investments	Tuition	Admission Fees	Prior Year Refunds	E-Rate Rebates	Rentals	Sale of Property	Settlement	Contributions	Miscellaneous	Total
2001	\$ 74,920	\$ 3,220,863	\$ 2,462	\$ 16,458		\$ 2,100			\$ 1,000	\$ 6,953	\$ 3,324,756
2002	30,410	3,071,297	3,156	9,603		330				1,439	3,116,235
2003	19,187	3,134,641	3,380	15,964		12,000				934	3,186,106
2004	22,807	3,585,603		16,185	\$ 2,925	8,583			1,000	2,019	3,639,122
2005	39,536	4,032,082	5,029	6,090	1,449	2,520				4,749	4,091,455
2006	325,017	4,601,958		42,233							4,969,208
2007	602,833	5,098,341		7,256						13,752	5,722,182
2008	177,557	6,122,995		7,836			\$ 283,235				6,591,623
2009	61,954	6,928,773		3,430							6,994,157
2010	27,217	8,016,589		69,061				\$ 125,000		3,172	8,241,039
	<u>\$ 1,381,438</u>	<u>\$ 47,813,142</u>	<u>\$ 14,027</u>	<u>\$ 194,116</u>	<u>\$ 4,374</u>	<u>\$ 25,533</u>	<u>\$ 283,235</u>	<u>\$ 125,000</u>	<u>\$ 2,000</u>	<u>\$ 33,018</u>	<u>\$ 49,875,883</u>

Source: District records

**Haddon Heights School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

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Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2001	\$ 561,900	\$ 343,777,400	\$ 46,142,400	\$ 295,700	\$ 5,751,700	\$ 396,529,100	\$ 749,262	\$ 397,278,362	\$ 53,728,500	\$ 1.970	\$ 414,191,653
2002	609,500	344,586,500	46,588,300	295,700	5,751,700	397,831,700	741,652	398,573,352	53,240,400	2.173	432,205,924
2003	702,000	344,437,600	46,591,600	295,700	5,751,700	397,778,600	684,580	398,463,180	53,393,400	2.343	465,968,985
2004	664,800	345,868,100	46,379,900	295,700	5,751,700	398,960,200	591,005	399,551,205	53,183,000	2.407	508,652,615
2005	810,700	347,159,800	45,563,800	295,700	5,751,700	399,581,700	499,974	400,081,674	53,555,200	2.486	574,958,534
2006	853,800	348,358,400	45,765,500	295,700	5,751,700	401,025,100	392,310	401,417,410	53,567,400	2.657	670,080,456
2007	R 1,584,700	732,517,900	82,034,800	517,600	7,595,100	824,250,100	660,779	824,910,879	90,472,900	1.380	800,748,238
2008	2,398,400	728,223,300	82,956,400	517,600	7,692,600	821,788,300	904,619	822,692,919	90,750,600	1.422	806,342,529
2009	3,204,900	725,568,400	82,776,000	517,600	7,541,600	819,608,500	989,017	820,597,517	91,970,400	1.369	805,984,355
2010	2,415,100	728,656,700	81,469,300	517,600	6,152,900	819,211,600	1,332,502	820,544,102	94,724,800	1.311	Not available

Source:
Municipal Tax Assessor

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

- a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100 of assessed valuation.
- R Revaluation

**Haddon Heights School District
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)**

J-7

Fiscal Year Ended June 30,	Haddon Heights School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Haddon Heights	Camden County	
2001	\$ 1.908	\$ 0.062	\$ 1.970	\$ 0.800	\$ 0.910	\$ 3.680
2002	2.103	0.070	2.173	0.810	0.977	3.960
2003	2.256	0.087	2.343	0.833	1.055	4.231
2004	2.334	0.073	2.407	0.867	1.048	4.322
2005	2.379	0.107	2.486	0.975	1.113	4.574
2006	2.551	0.106	2.657	1.101	1.262	5.020
2007 R	1.248	0.132	1.380	0.581	0.608	2.569
2008	1.293	0.129	1.422	0.602	0.579	2.603
2009	1.243	0.126	1.369	0.616	0.568	2.553
2010	1.181	0.130	1.311	0.630	0.602	2.543

Source: Municipal Tax Collector

R Revaluation

Haddon Heights School District
Principal Property Tax Payers,
Current Year and Nine Years Ago

J-8

Taxpayer	2009-2010		Taxpayer	2000-2001	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
401 Haddon Heights, LLC	\$ 4,220,200	0.51%	Gorve Partnership	\$ 3,190,500	0.80%
500 Grove Associates	4,121,000	0.50%	New Jersey American Water Company	2,100,600	0.53%
515 Grove Street Associates	3,216,100	0.39%	Haddon Savings and Loan	1,152,800	0.29%
JB Investments	2,372,200	0.29%	Mellon PSFS	875,300	0.22%
Medical Heights Associates	2,036,300	0.25%	Medical Hospital Association	867,400	0.22%
Cor V Properties	1,875,200	0.23%	Jefferson Associates	773,500	0.19%
Haddon Savings Bank	1,692,800	0.21%	Acme Markets	725,000	0.18%
Costel White Horse LLC	1,598,000	0.19%	Pioneer Mortgage	649,900	0.16%
SAS WHP, LP	1,352,600	0.16%	Keller, Gerald K. & Sharon	625,000	0.16%
Verizon - New Jersey	1,332,502	0.16%	Harold Knoll Apartments	530,000	0.13%
Total	\$ 23,816,902	2.90%		\$ 11,490,000	2.89%

Source: Municipal Tax Assessor

**Haddon Heights School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2001	\$ 7,568,665	\$ 7,568,665	100.00%	-
2002	8,076,105	8,076,105	100.00%	-
2003	9,240,240	9,240,240	100.00%	-
2004	9,432,238	9,432,238	100.00%	-
2005	9,801,383	9,801,383	100.00%	-
2006	10,094,178	10,094,178	100.00%	-
2007	11,232,934	11,232,934	100.00%	-
2008	11,543,294	11,543,294	100.00%	-
2009	11,854,242	11,854,242	100.00%	-
2010	10,612,077	10,612,077	100.00%	-

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

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

Haddon Heights School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2001	\$ 1,983,000	\$1,747,720	\$ 924,943	\$ -	\$ 4,655,663	2.08%	\$ 618
2002	1,848,000	1,660,334	787,019	-	4,295,353	1.81%	573
2003	3,093,000	-	72,097	-	3,165,097	1.30%	422
2004	2,873,000	-	329,197	-	3,202,197	1.28%	429
2005	2,571,000	-	223,165	-	2,794,165	1.08%	377
2006	15,833,000	-	301,741	-	16,134,741	6.04%	2,182
2007	15,421,000	-	206,728	-	15,627,728	5.52%	2,124
2008	14,994,000	-	112,846	-	15,106,846	5.14%	2,060
2009	14,547,000	-	14,918	-	14,561,918	4.65%	1,919
2010	14,065,000	-	-	-	14,065,000	Unavailable	1,835

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.

Haddon Heights School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2001	\$ 1,983,000	\$ -	\$ 1,983,000	0.50%	\$ 263
2002	1,848,000	-	1,848,000	0.46%	246
2003	3,093,000	-	3,093,000	0.78%	413
2004	2,873,000	-	2,873,000	0.72%	385
2005	2,571,000	-	2,571,000	0.64%	347
2006	15,833,000	-	15,833,000	3.94%	2,141
2007	15,421,000	-	15,421,000	1.87%	2,096
2008	14,994,000	-	14,994,000	1.82%	2,045
2009	14,547,000	-	14,547,000	1.77%	1,917
2010	14,065,000	-	14,065,000	1.71%	1,835

Sources:

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.

**Haddon Heights School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2009**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:				
Borough of Haddon Heights	\$ 5,517,248	(1)	100.000%	\$ 5,517,248
Camden County General Obligation Debt	87,511,781	(1)	3.101% (2)	2,713,740
				<hr/>
Subtotal, overlapping debt				8,230,988
Haddon Heights School District Direct Debt				<hr/> 14,065,000
Total direct and overlapping debt				<hr/> \$ 22,295,988 <hr/>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2009 Equalized Valuation. The source for this computation was the 2009 County Abstract of Ratables, provided by the County Board of Taxation.

**Haddon Heights School District
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)**

J-13

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis (1)

2009	\$ 805,195,501
2008	805,437,910
2007	800,087,459
	<u>\$ 2,410,720,870</u>

Average equalized valuation of taxable property \$ 803,573,623

Debt limit (4% of average equalized valuation) (2)	32,142,945
Net bonded school debt (3)	<u>14,065,000</u>
Legal debt margin	<u>\$ 18,077,945</u>

Fiscal Year

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 15,914,143	\$ 16,530,492	\$ 17,399,265	\$ 18,642,494	\$ 20,555,284	\$ 23,245,317	\$ 26,537,890	\$ 29,575,962	\$ 31,437,021	\$ 32,142,945
Total net debt applicable to limit (3)	<u>2,653,000</u>	<u>2,478,000</u>	<u>3,093,000</u>	<u>2,873,000</u>	<u>2,571,000</u>	<u>15,833,000</u>	<u>15,421,000</u>	<u>14,994,000</u>	<u>14,547,000</u>	<u>14,065,000</u>
Legal debt margin	<u>\$ 13,261,143</u>	<u>\$ 14,052,492</u>	<u>\$ 14,306,265</u>	<u>\$ 15,769,494</u>	<u>\$ 17,984,284</u>	<u>\$ 7,412,317</u>	<u>\$ 11,116,890</u>	<u>\$ 14,581,962</u>	<u>\$ 16,890,021</u>	<u>\$ 18,077,945</u>
Total net debt applicable to the limit as a percentage of debt limit	16.67%	14.99%	17.78%	15.41%	12.51%	68.11%	58.11%	50.70%	46.27%	43.76%

Sources:

- (1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Haddon Heights School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2000	7,534	\$ 223,541,314	\$ 29,671	1.5%
2001	7,498	237,019,278	31,611	1.6%
2002	7,493	243,365,147	32,479	2.3%
2003	7,457	251,129,389	33,677	2.4%
2004	7,415	258,234,790	34,826	2.1%
2005	7,394	267,130,432	36,128	3.3%
2006	7,359	283,203,756	38,484	3.6%
2007	7,332	293,661,264	40,052	3.3%
2008	7,588	312,883,592	41,234	4.4%
2009	7,665	e	e	7.0%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^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
- ^e Information not available

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

J-16

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function/Program										
Instruction										
Regular	99	99	101	103	102	100	103	106	105	106
Special education	28	28	36	36	37	35	37	35	36	33
Other special education	7	8	8	8	10	10	9	9	9	8
Support Services:										
Student & instruction related services	19	21	21	21	21	21	20	18	18	18
School administrative services	11	11	11	11	11	11	11	11	11	11
General and business administrative services	5	5	5	5	5	5	5	5	5	4
Plant operations and maintenance	22	25	25	25	25	25	22	25	27	27
Pupil transportation	5	5	5	5	5	5	5	5	5	6
Business and other support services	5	5	5	5	5	5	5	4	4	4
Total	<u>201</u>	<u>207</u>	<u>217</u>	<u>219</u>	<u>221</u>	<u>217</u>	<u>217</u>	<u>218</u>	<u>220</u>	<u>217</u>

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Source:

District Personnel Records

Haddon Heights School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior/Senior High School				
2001	1,233	\$ 13,561,096	\$ 10,998.46	12.42%	115	1:09	1:09	1,229.9	1,156.8	-6.40%	94.06%
2002	1,275	13,626,805	10,687.69	-2.83%	116	1:11	1:11	1,277.3	1,207.6	4.30%	94.54%
2003	1,299	14,806,479	11,398.37	6.65%	117	1:09	1:09	1,268.0	1,196.9	-0.70%	94.39%
2004	1,278	15,970,019	12,496.10	9.63%	123	1:11	1:10	1,257.0	1,190.5	-0.80%	94.71%
2005	1,289	17,161,471	13,313.79	6.54%	124	1:10	1:10	1,268.1	1,196.2	0.90%	94.33%
2006	1,278	17,955,548	14,049.72	5.53%	125	1:09	1:10	1,244.8	1,164.7	-1.84%	93.57%
2007	1,264	19,576,074	15,487.40	10.23%	125	1:11	1:09	1,251.4	1,180.9	0.53%	94.37%
2008	1,300	20,591,119	15,839.32	12.74%	123	1:11	1:10	1,291.8	1,216.1	3.78%	94.14%
2009	1,350	20,328,646	15,058.26	-2.77%	124	1:10	1:10	1,341.4	1,265.4	7.19%	94.33%
2010	1,409	20,721,967	14,706.86	-7.15%	129	1:11	1:11	1,388.6	1,313.1	7.49%	94.56%

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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).

**Haddon Heights School District
School Building Information
Last Ten Fiscal Years**

J-18

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Elementary</u>										
Glenview Avenue Elementary (1964)										
Square Feet	39,897	39,897	39,897	39,897	39,897	39,897	47,167	47,167	47,167	47,167
Capacity (students)	184	184	184	184	184	184	236	236	236	236
Enrollment	185	173	184	182	183	181	179	180	193	209
Atlantic Avenue Elementary (1964)										
Square Feet	19,550	19,550	19,550	19,550	19,550	19,550	30,416	30,416	30,416	30,416
Capacity (students)	156	156	156	156	156	156	157	157	157	157
Enrollment	132	133	155	146	150	133	134	140	150	167
Seventh Avenue Elementary (1907)										
Square Feet	26,072	26,072	26,072	26,072	26,072	26,072	36,225	36,225	36,225	36,225
Capacity (students)	121	121	121	121	121	121	138	138	138	138
Enrollment	122	115	121	110	107	120	111	119	124	133
<u>Senior High School</u>										
Junior/Senior High School (1923)										
Square Feet	122,223	122,223	122,223	122,223	122,223	122,223	157,627	157,627	157,627	157,627
Capacity (students)	571	571	571	571	571	571	1,102	1,102	1,102	1,102
Enrollment	750	817	800	792	803	843	840	861	883	900

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Number of Schools at June 30, 2010
 Elementary = 3
 Middle School = 1
 Senior High School = 1
 Other = 0

Source: District Facilities Office

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
* School Facilities											
Junior/Senior High School	\$ 459,615	\$ 386,278	\$ 167,949	\$ 150,503	\$ 182,206	\$ 183,563	\$ 235,973	\$ 410,832	\$ 330,377	\$ 202,663	\$ 2,709,959
Glenview Avenue Elementary	68,772	57,799	44,578	38,141	38,235	40,404	28,296	50,793	42,197	46,421	455,636
Atlantic Avenue Elementary	66,048	55,510	24,378	23,982	29,957	23,647	38,333	39,212	35,202	29,869	366,138
Seventh Avenue Elementary	82,390	69,244	33,509	27,250	23,731	29,864	44,934	33,556	36,704	35,859	417,041
Other facilities	4,086	3,433			1,231	5,589		1,407			15,746
Total School Facilities	<u>\$ 680,911</u>	<u>\$ 572,264</u>	<u>\$ 270,414</u>	<u>\$ 239,876</u>	<u>\$ 275,360</u>	<u>\$ 283,067</u>	<u>\$ 347,536</u>	<u>\$ 535,800</u>	<u>\$ 444,480</u>	<u>\$ 314,812</u>	<u>\$ 3,964,520</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

**Haddon Heights School District
Insurance Schedule
June 30, 2010**

J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$150,000,000	\$ 200,000	\$500
General and automobile liability	10,000,000	150,000	
Boiler and machinery	100,000,000		
Workers' compensation	Statutory		
Crime coverage	500,000	200,000	500
School Leaders professional liability	10,000,000	100,000	
Excess liability	10,000,000		
Employers liability	5,000,000		
Environmental impairment liability	3,000,000		25,000
Student Accident Insurance (2)	1,000,000		
Surety Bonds (3)			
Treasurer	220,000		
Board Secretary	88,000		

- (1) School Alliance Insurance Fund
- (2) Maskin Management Co.
- (3) Selective Insurance Co.

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: lcpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

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 04-04

The Honorable President and Members
of the Board of Education
Haddon Heights School District
County of Camden
Haddon Heights, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Haddon Heights School District (School District), in the County of Camden, 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 State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The 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 the School District's management. Our responsibility is to express an opinion on the 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 State, 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 and 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 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 School District's compliance with those requirements.

In our opinion, the Board of Education of the Haddon Heights School District, in the County of Camden, 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 fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as finding no. 2010-1.

Internal Control Over Compliance

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

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

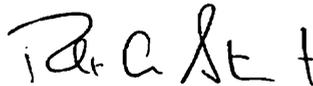
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did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

Haddon Heights School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit School District's response and, accordingly, we express no opinion on the response.

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
October 15, 2010

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2009			Adjustment	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2010		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education - Passed through State Department of Education:															
General Fund:															
ARRA - SFSF - ESF (Educ. State Grants)	84.394	N/A	\$ 80,385	7/1/09-8/30/10					\$ 80,385	\$ (80,385)					
ARRA - SFSF - GSF (Government serv	84.397	N/A	3,112	7/1/09-8/30/10					3,112	(3,112)					
Special Revenue Fund:															
Title I:															
Fiscal Year 2009	84.010A	NCLB188009	66,798	9/1/08 - 8/31/10	\$ (19,835)						(42,060)		\$ (90,735)	\$ 28,840	
Fiscal Year 2010	84.010A	NCLB188010	70,870	9/1/09 - 8/31/10					25,089	(37,562)			(45,781)	33,288	
Fiscal Year 2008	84.010	NCLB188008	44,345	9/1/07 - 8/31/08		\$ 253	\$ (253)				(18,390)		(23,241)	4,851	
ARRA	84.389	N/A	23,241	9/1/09 - 8/31/10											
Title I - SIA:															
Fiscal Year 2009	84.010A	NCLB188009	8,328	9/1/07 - 8/31/08							(3,859)		(8,328)	4,469	
Fiscal Year 2007	84.010	NCLB188007	3,076	9/1/06 - 8/31/07			\$ 3,076					\$ (3,076)			
Title II A:															
Fiscal Year 2009	84.367A	NCLB188009	32,643	9/1/08 - 8/31/10	(16,795)					(15,343)			(38,365)	6,227	
Fiscal Year 2010	84.367A	NCLB188010	33,025	9/1/09 - 8/31/10						(29,783)			(33,025)	3,242	
Fiscal Year 2008	84.367	NCLB188008	30,734	9/1/07 - 8/31/08		20	(20)								
Title II D:															
Fiscal Year 2009	84.318X	NCLB188009	572	9/1/08 - 8/31/10	(215)				215		(551)		(721)	170	
Fiscal Year 2010	84.318X	NCLB188010	721	9/1/09 - 8/31/10											
Fiscal Year 2008	84.318	NCLB188008	321	9/1/07 - 8/31/08		33	(33)								
Title IV:															
Fiscal Year 2010	84.186A	NCLB188010	3,651	9/1/09 - 8/31/10							(3,156)		(3,651)	495	
Fiscal Year 2009	84.186A	NCLB188009	3,620	9/1/08 - 8/31/10	(2,254)		(2)		2,256	(1,364)			(3,393)	2,029	
Title V:															
Fiscal Year 2008	84.298	NCLB188008	2,073	9/1/07 - 8/31/08		7	(7)								
I.D.E.A. Part B - Basic:															
Fiscal Year 2009	84.027	FT188009	267,785	9/1/08 - 8/31/10	(92,823)				95,873	(3,050)					
Fiscal Year 2010	84.027	FT188010	272,463	9/1/09 - 8/31/10					239,760	(245,832)			(42,425)	36,353	
ARRA	84.391	N/A	316,003	9/1/09 - 8/31/10					118,379	(217,774)			(197,624)	98,229	
I.D.E.A. Part B - Preschool:															
Fiscal Year 2009	84.173	PS188009	10,316	9/1/08 - 8/31/10	(9,238)				9,649	(411)					
Fiscal Year 2010	84.173	PS188010	10,380	9/1/09 - 8/31/10					9,249	(10,380)			(1,131)		
ARRA	84.392	N/A	11,422	9/1/09 - 8/31/10					2,674	(4,291)			(6,748)	7,131	
Total U.S. Department of Education					(141,160)	313	3,076	(315)	586,841	(717,323)	(3,076)	(497,168)	225,324	\$ -	
U.S. Department of Agriculture - Passed through State Department of Agriculture:															
Food Service Fund:															
Food Distribution Program:															
Fiscal Year 2010	10.550	N/A	\$ 17,715	7/1/09 - 6/30/10					17,715	(17,715)					
National School Lunch Program															
Fiscal Year 2009	10.555	N/A	62,160	7/1/08 - 6/30/09	(3,061)				3,061				(4,573)		
Fiscal Year 2010	10.555	N/A	76,073	7/1/09 - 6/30/10					71,500	(76,073)					
Total U.S. Department of Agriculture					(3,061)				92,276	(93,788)			(4,573)	\$ -	
Total Federal Awards					\$ (144,221)	\$ 313	\$ 3,076	\$ (315)	\$ 678,917	\$ (811,111)	\$ (3,076)	\$ (501,741)	\$ 225,324	\$ -	

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

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2010

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance June 30, 2009			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2010		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	10-495-034-5120-078	\$ 460,172	7/1/09- 6/30/10					\$ 159,881	\$ (248,086)		\$ (88,205)		
Equalization Aid	09-495-034-5120-078	284,372	7/1/08- 6/30/09	\$ (99,804)				99,804					
Special Education Categorical Aid	10-495-034-5120-089	444,051	7/1/09- 6/30/10					306,306	(306,306)				
Security Aid	10-495-034-5120-084	60,417	7/1/09- 6/30/10					39,271	(39,271)				
Transportation Aid	10-495-034-5120-014	120,381	7/1/09- 6/30/10					78,248	(78,248)				
Adjustment Aid	10-495-034-5120-085	702,424	7/1/09- 6/30/10					456,576	(456,576)				
Nonpublic Transportation Aid	09-495-034-5120-014	9,134	7/1/08- 6/30/09	(9,134)				9,134					
Nonpublic Transportation Aid	10-495-034-5120-014	2,537	7/1/09- 6/30/10						(2,537)		(2,537)		
Extraordinary Aid	09-495-034-5120-044	43,976	7/1/08- 6/30/09	(15,816)				15,816					
Extraordinary Aid	10-495-034-5120-044	21,321	7/1/09- 6/30/10						(21,321)		(21,321)		
On-behalf TPAF Pension Contribution	10-495-034-5095-001	609,260	7/1/09- 6/30/10					609,260	(609,260)				
Reimbursed TPAF Social Security Contr.	09-495-034-5095-002	712,225	7/1/08- 6/30/09	(35,153)				35,153					
Reimbursed TPAF Social Security Contr.	10-495-034-5095-002	742,343	7/1/09- 6/30/10					705,448	(742,343)		(36,895)		
Total General Fund				(159,907)				2,514,897	(2,503,948)		(148,958)		
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid	10-100-034-5120-064	43,812	7/1/09- 6/30/10					43,812	(43,801)			\$ 11	
Textbook Aid	09-100-034-5120-064	35,801	7/1/08- 6/30/09			\$ 66				\$ (66)			
Nursing Aid	10-100-034-5120-070	51,956	7/1/09- 6/30/10					51,956	(51,956)				
Technology Initiative	09-100-034-5120-373	25,080	7/1/08- 6/30/09			977				(977)			
Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	224,761	7/1/09- 6/30/10					224,761	(222,987)			1,774	
Compensatory Education	09-100-034-5120-067	153,281	7/1/08- 6/30/09			20,388				(20,388)			
Transportation	10-100-034-5120-067	8,751	7/1/09- 6/30/10					8,751	(2,526)			6,225	
Transportation	09-100-034-5120-067	25,013	7/1/08- 6/30/09			13,692				(13,692)			
English as a Second Language	09-100-034-5120-067	9,440	7/1/08- 6/30/09			2,212				(2,212)			
English as a Second Language	10-100-034-5120-066	11,255	7/1/09- 6/30/10					11,255	(10,689)			566	
Homebound Instruction	10-100-034-5120-067	4,261	7/1/09- 6/30/10						(4,261)		(4,261)		
Homebound Instruction	09-100-034-5120-067	1,669	7/1/08- 6/30/09	(1,669)				1,669					
Handicapped Services:													
Supplemental Instruction	10-100-034-5120-066	48,025	7/1/09- 6/30/10					48,025	(31,633)			16,392	
Supplemental Instruction	09-100-034-5120-066	49,560	7/1/08- 6/30/09			26,033				(26,033)			
Examination & Classification	10-100-034-5120-066	62,319	7/1/09- 6/30/10					62,319	(54,262)			8,057	
Examination & Classification	09-100-034-5120-066	68,611	7/1/08- 6/30/09			32,169				(32,169)			
Corrective Speech	10-100-034-5120-066	68,240	7/1/09- 6/30/10					68,240	(87,870)			570	
Corrective Speech	09-100-034-5120-066	51,150	7/1/08- 6/30/09			6,449				(6,449)			
Vocational Aid	10-100-034-5062-032	15,170	7/1/09- 6/30/10						(13,443)		(15,170)	\$ 1,727	
Total Special Revenue Fund				(1,669)		101,986		520,788	(503,228)	(101,986)	(19,431)	1,727	33,595
Total State Department of Education				(161,576)		101,986		3,035,685	(3,007,176)	(101,986)	(168,389)	1,727	33,595

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2010

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance June 30, 2009			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2010		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
Debt Service Fund:													
Debt Service Aid Type II	10-495-034-5120-017	\$ 5,281	7/1/09- 6/30/10					\$ 5,281	\$ (5,281)				
New Jersey Schools Construction Corporation:													
Capital Projects Fund:													
EDA Educational Facilities Construction and Financing Act - Section 15:													
High School Renovations	1880-50-05-1000	4,088,986	7/1/04- 6/30/10	\$ (184,004)	\$ 19,158			184,003	(19,157)				
Seventh Avenue School Renovations	1880-90-05-1000	1,035,952	7/1/04- 6/30/10	(46,618)				46,618					
Glenview Avenue School Renovations	1880-60-05-1000	1,120,656	7/1/04- 6/30/10	(50,430)				50,430					
Atlantic Avenue School Renovations	1880-80-05-1000	1,155,476	7/1/04- 6/30/10	(51,996)				51,996					
Total NJ Schools Construction Corporation				(333,048)	19,158			333,047	(19,157)				
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2010	10-100-010-3350-023	4,278	7/1/09- 6/30/10					4,013	(4,278)		(265)		
Fiscal Year 2009	09-100-010-3350-023	3,816	7/1/08- 6/30/09	(188)				188					
Total Department of Agriculture				(188)				4,201	(4,278)		(265)		
Total State Financial Assistance				\$ (494,812)	\$ 19,158	\$ 101,986	\$ -	\$ 3,378,214	\$ (3,035,892)	\$ (101,986)	\$ (168,654)	\$ 1,727	\$ 33,595

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

**Haddon Heights School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2010**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Haddon Heights School District. The Board of Education is defined in Note 1 to the Board'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, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the 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 the 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 \$11,599 for the general fund and \$0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 83,497	\$ 2,515,547	\$ 2,599,044
Special Revenue Fund	633,826	503,228	1,137,054
Capital Projects Fund		19,157	19,157
Debt Service Fund		5,281	5,281
Food Service Fund	<u>93,788</u>	<u>4,278</u>	<u>98,066</u>
Total Awards & Financial Assistance	<u>\$ 811,111</u>	<u>\$ 3,047,491</u>	<u>\$ 3,858,602</u>

**Haddon Heights School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2010
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. 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, 2010.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	<u>Federal</u>
Prior Year Balances Canceled	\$ <u>315</u>

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be a material weakness? _____ yes X none reported

Noncompliance material to general purpose financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be a material weakness? _____ yes X none reported

Type of auditor's report on compliance for major programs: UNQUALIFIED

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.394</u>	<u>ARRA - Education Stabilization Funds</u>
<u>84.397</u>	<u>ARRA - Government Services Funds</u>
<u>84.389</u>	<u>ARRA - Title I</u>
<u>84.391</u>	<u>ARRA - IDEA - Basic</u>
<u>84.027</u>	<u>I.D.E.A. - Basic</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>84.392</u>	<u>ARRA - IDEA - Preschool</u>

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

Auditee qualified as low-risk auditee? _____ yes X no

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section 1 -- Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be a material weakness? yes X none reported

Type of auditor's report on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? X yes no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>10-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>10-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>10-495-034-5095-002</u>	<u>TPAF Rimbursed Social Security</u>
<u>10-100-010-3350-023</u>	<u>National School Lunch Program (State Share)</u>
<u>10-100-034-5120-067</u>	<u>Nonpublic Auxiliary Services</u>
<u>10-100-034-5120-066</u>	<u>Nonpublic Handicapped Services</u>
<u> </u>	<u> </u>

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraph 5.18 through 5.20 of *Government Auditing Standards* and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

No findings identified.

**HADDON HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

***Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies the audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

Finding #2010-1

State program information:

Adjustment Aid; GMIS No. 10-495-034-5120-085; State Department of Education.

Criteria or specific requirement:

N.J.S.A. 18A:18A-10 requires that any goods or services purchased by the board of education pursuant to a contract entered into on behalf of the State by the Division of Purchase and Property be awarded by Board resolution.

Condition:

Various supplies and equipment are purchased pursuant to a state contract but were not itemized in the minutes as being awarded by the board of education.

Questioned Costs:

None

Context:

The Board minutes only stated that purchases may be made from vendors who have a state contract, but did not list the vendors nor did it detail what was being purchased.

Effect:

Violation of N.J.S.A. 18A:18A-10.

Cause:

Oversight on part of the business administrator.

Recommendation:

All contracts entered into pursuant to a state contract should be itemized and awarded by board resolution and documented in the board minutes.

Management's response:

Management agrees with the above finding and will perform procedures to ascertain that all items purchased by state contracts and the appropriate vendor are listed in the minutes.

**HADDON HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2010**

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*, USOMB Circular A-133 and State of NJOMB Circular 04-04.

FINANCIAL STATEMENT FINDINGS

Finding #2009-1

Condition:

Various adjustments were made cash, accounts receivable and accounts payable to properly reflect the true balances of the General Fund as of June 30, 2009.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

Finding #2009-2

Condition:

The School District made board approved line-item transfers during the year however, the year-to-date transfer report filed with the County Executive Director was not properly prepared, as it reflected a transfer that is not permitted by statute.

Current Status:

This condition has been corrected.