

SCHOOL DISTRICT
OF
HOWELL TOWNSHIP



HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

HOWELL TOWNSHIP BOARD OF EDUCATION

HOWELL TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY

**HOWELL TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

HOWELL TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION



HOWELL TOWNSHIP PUBLIC SCHOOLS

PROUD OF OUR SCHOOLS - CONCERNED FOR OUR CHILDREN

RONALD SANASAC
Business Administrator/
Board Secretary

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October 18, 2010

Honorable President and
Members of the Board of Education
Howell Township School District
Howell, New Jersey

Dear Members of the Board of Education:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Howell Township School District for the fiscal year ended June 30, 2010. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- ◆ The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Howell Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Howell Township Board of Education and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education, even though it is one of the largest K-8 districts in Monmouth County. The District provides a full range of programs and services appropriate to grades K through 8. These include regular education, programs for the very able students (gifted and talented), as well as special education for youngsters with disabilities in and out of district. Ten elementary schools and three middle schools comprise the district's facilities. Although Southard School remains an asset of the Howell Township Board of Education, the district consolidated the student population in the other nine elementary schools, and is not utilizing Southard School for classroom purposes this school year. The Board is presently investigating and pursuing options for the most useful and beneficial use of the building.

Supervising district-wide goals is a district superintendent, an assistant superintendent for curriculum and personnel, an assistant superintendent of pupil services, a business administrator/board secretary, four district-wide curriculum supervisors, director of technology and three supervisors of special education. Each K-5 elementary school has its own principal and share a vice principal. Two Howell Township Middle Schools each have one principal and one and a half vice principals. One Howell Township Middle School has one principal and one vice principal.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the first and third Wednesday of each month for the regular Board Meeting and other times each month for committee meetings. During its meetings the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:00 PM.

PTAs/PTOs/SEPAC (Special Education Parents Advisory Council) are highly active in the District and provide community support for a variety of programs and activities for the children.

To maintain effective communications, the district produces four newsletters. Howell Highlights are sent to all parents in the community, in order to keep them well informed of school and district events. The district also utilizes its web site to publish the board agenda in an effort to keep all interested citizens apprised of district operations and activities.

Each of the schools in the district follows the district-wide goals and educational approaches to the education of children, while maintaining a unique personality that makes up that particular school. All curricula in the district have been aligned to the New Jersey Common Core Standards.

The mission of the Howell Township School District is to educate students at all grade levels to achieve the New Jersey Common Core Standards and challenge them to become skillful communicators, independent thinkers, and life-long learners. In reaching their full potential, our children will develop individual, social, and civic responsibility as well as respect for themselves and their environment. To this end the district has developed a comprehensive curriculum for each grade and each subject area that is rich in content while focusing on the individual needs of the students.

1. **REPORTING ENTITY AND ITS SERVICES: (Continued)**

Elementary Schools: Grades K through 5

Currently, there are nine grades K-5 elementary schools (Adelphia School, Aldrich School, Ardena School, Greenville School, Griebing School, Land O'Pines School, Newbury School, Ramtown School, and Taunton School) providing a comprehensive educational program.

The district's balanced literacy programs focuses on the development of phonics, phonemic awareness, vocabulary, comprehension, and fluency. Writing is integrated throughout all disciplines.

Mathematics skills and concepts are presented using a variety of hands-on materials and activities. Stress is placed on providing real-life meaningful experiences so that students develop conceptual understanding and an appreciation for mathematics.

Inquiry and discovery are the foundations of the science program. The students develop a better understanding of the world around them by developing experiments and applying the scientific method.

The units of instruction for the social studies program are theme-based and promote literacy in the areas of geography, history, economics, and civics.

Students begin learning Spanish in kindergarten and continue through the fifth grade. The students learn the language through conversational techniques, as well as develop an appreciation for the cultures that speak Spanish. At the middle school level, all students participate in World Language instruction. Upon entering the middle school, students may elect to either continue their studies in Spanish, or begin studies in French.

At the middle school the Gifted and Talented program is expanded to provide math acceleration in grades 6th, 7th and 8th, with a rigorous enrichment course of study in science, social studies and language arts. Throughout all K-5 schools enrichment cluster grouping is provided to students identified as gifted and talented. In addition, at the elementary level, a self contained 4th and 5th grade program is provided to those students who also demonstrate giftedness.

1. REPORTING ENTITY AND ITS SERVICES: (Continued)

Howell Township Middle Schools

Grades 6 through 8

Grades six through eight are housed at each of the district's three middle schools. Each school is divided into "houses." Each "house" is designed as a "school within a school." The "houses" are further divided into teams. Each team has an assigned group of teachers and students. The team approach allows the faculty to develop positive relationships with a relatively small group of students. The district has found this team approach to be very successful at minimizing discipline problems and allowing the teachers to get a sense of each student's individual needs.

Special Education:

Special Education is an integral part of the educational system in the Howell Township Schools. Our school district educates approximately 1,055 students classified eligible for special education and related services. Our district provides a full continuum of services for students with disabilities. Classes include preschool disabled, integrated preschool, regular classes with specialized support, in-class resource, resource center pull out services and other special class programs. All students are included with their general education peers to the maximum extent possible, and many students are fully included in regular classes with assistance from paraprofessionals or Special Education teachers. Our middle school program prepares our students with disabilities for their transition to high school.

Core Curriculum Contents Standards

Our district is in line with the New Jersey Common Core Standards. All district curricula have been aligned with the Standards.

Staff Development

The Howell Township Public Schools System provides its teaching and support staff with many opportunities for professional development.

All professional development in Howell Township addresses the Eight Key Elements of High Quality Professional Development and supports the Definition of Professional Development from the No Child Left Behind Act. The professional learning opportunities are aligned with and support the New Jersey Professional Development Standards for Teachers.

In the beginning of the school year all newly hired teachers receive intensive in-service, encompassing training in instructional strategies, classroom management, curriculum, mentoring, technology, district policy and security. Mentors are assigned to novice teachers to provide support throughout the school year.

Professional development days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, content standards, data driven decision making, and district-wide grade level and department articulation meetings.

1. REPORTING ENTITY AND ITS SERVICES: (Continued)*Technology*

District-Wide technology is used to enrich teaching and learning, facilitate communication among all members of the educational community, and to increase productivity. All classrooms, computer labs, media centers, and offices in each of the twelve schools and administrative buildings are linked together via local and wide area voice and data networks. All administrators, teachers, and support staff members have computing capability with high speed Internet access and are provided email and voice mail accounts. To assist teachers and students in presenting information and collaborating in Internet and other computer based projects together, all classrooms in the district are equipped with ceiling mounted LCD projectors and/or projection devices capable of presenting images via a computer, the Internet, cable TV, or local video sources such as VCR's and DVD players.

In addition, all schools are equipped with mobile student laptops that connect to the district network via wireless access points located throughout the buildings. All building administrators have access to laptop computers, allowing for complete mobility in utilizing technology for office productivity as well as teacher evaluation activities.

Pupil Enrollment

The following details the changes in the student enrollment of the district over the last ten years. The table presents the actual historical pupil enrollment, as of October 15, for the school years 2000-01 through 2009-10.

<u>School Year</u>	<u>Enrollment As of October 15</u>
2000-01	7,427
2001-02	7,379
2002-03	7,424
2003-04	7,416
2004-05	7,333.5
2005-06	7259
2006-07	7289
2007-08	7090
2008-09	6920
2009-10	6783

2. ECONOMIC CONDITION AND OUTLOOK:

The rate of new home construction continues to stagnate and is reflected in a continued enrollment decline. Current housing continues to turn over but the movement of young families with children has slowed.

3. MAJOR INITIATIVES:

Construction

Construction completed, the Howell Memorial Middle School opened in September, 2004. No additional major construction initiatives have been undertaken.

Pupil Services:

- ❖ New Assistive Technology devices for students with disabilities.
- ❖ Teacher coach who is a Board certified Behavior Analyst.
- ❖ Ongoing training in all areas relative to working with students with special needs.
- ❖ Inclusion initiative for grades K-4.
- ❖ Integrated Preschool Program.
- ❖ Life Skills classrooms and instruction.
- ❖ Crisis Management certification for staff.
- ❖ Crisis Response Network.
- ❖ Tools of the Mind Preschool curriculum.
- ❖ Community-based instruction as appropriate.
- ❖ Parent Outreach Services.

Business:

The Business Office continued to be busy in the 2009-2010 school year. Accomplishment/initiatives in this school year were as follows:

- ❖ The business office continued to streamline the entire purchase order cycle with the implementation of new procedures.
- ❖ The Business Administrator continues as the certified purchasing agent, allowing the district to increase the public bid threshold limit from \$29,000 to \$36,000.
- ❖ Streamlining of business functions through increased applications of technology.

Personnel:

The district employed 988 persons during the 2009-2010 school year. The certificated staff numbered 695 including 39 administrators and supervisors and 656 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). 293 other employees, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and custodial and maintenance employees were also part of the staff.

One of the greatest challenges in a school district is to retain high standards for its staff, especially, during a period when acute teacher shortages in some areas persisted. The district was able to accomplish this through a highly competitive recruitment and selection process. Additionally, an impressive array of in-service opportunities allowed staff members to stay current and to improve their instructional skills; a hallmark of a progressive and innovative school district.

The district, for example, continued its new teacher mentoring program. All newly certified teachers and most teachers new to the district were assigned mentors as well as supervisory advocates to assist them in their first year. District administrators further provided these teachers with an extensive in-service program designed to help them acclimate to their new working environment.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and

(2) the valuation of costs and benefits requires estimates and judgments by management.

4. INTERNAL ACCOUNTING CONTROLS

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

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

5. BUDGETARY CONTROLS:

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

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

6. CASH MANAGEMENT:

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

7. RISK MANAGEMENT:

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

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPA's, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Howell Township 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,



Dr. Enid Golden
Superintendent of Schools



Ronald Sanasac
Business Administrator/
Board Secretary

**HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY**

ROSTER OF OFFICIALS
JUNE 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary Cerretani, President	2013
Gene Tanala, Vice President	2011
Suzanne M. Brennan	2013
Patrick Dowling	2012
David G. Flaherty	2011
Joseph Moscato, Jr	2012
Timothy P. O'Brien	2012
Sherry Roses	2011
Jeanette Smith	2013

Other Officials

Dr. Enid Golden, Superintendent

Mr. Ronald Sanasac, Business Administrator/Board Secretary

Mrs. Patricia Callander, Assistant Superintendent

Dr. Karen Jones, Assistant Superintendent

HOWELL TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorney

Bathgate, Wegener, & Wolf
One Airport Road
Lakewood, New Jersey 08701

Official Depository

TD Bank
Howell, New Jersey 07731

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell Township, New Jersey

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2010, on our consideration of the Howell Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 13 through 18 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 Howell Township Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt 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 information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 18, 2010

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

HOWELL TOWNSHIP PUBLIC SCHOOL DISTRICT
HOWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

UNAUDITED

The discussion and analysis of Howell Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal that is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is a element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ◆ General revenues accounted for \$114,117,211 in revenue or 97% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,295,689 or 3% percent to total revenues of \$118,226,613.
- ◆ Total assets of governmental activities increased by \$15,150,866 as cash and cash equivalents decreased by \$1,677,177 receivables increased by \$3,608,677 and capital assets decreased by \$1,365,022.
- ◆ The School District had \$118,323,888 in expenses; only \$3,295,689 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$118,226,613 were adequate to provide for these programs.
- ◆ The General Fund had \$105,397,402 in revenues and \$106,300,054 in expenditures.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Howell Township Public School District, the General Fund is by far the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2009-2010 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

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

Table 1
Net Assets

	<u>2010</u>
Assets	
Current and other assets	\$ 3,198,419
Capital assets, net	<u>\$ 94,467,696</u>
Total assets	<u>\$ 97,666,115</u>
Liabilities	
Long-term liabilities	\$ 55,961,188
Other liabilities	<u>\$ 9,197,957</u>
Total liabilities	<u>\$ 65,159,145</u>
Net assets	
Invested in capital assets, net of debt	\$ 32,641,366
Restricted	\$ 3,148,242
Unrestricted	<u>\$ (3,390,373)</u>
Total net assets	<u>\$ 32,399,235</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 60 percent of revenues for governmental activities for the Howell Township Public School District for fiscal year 2010. Federal, state and local grants accounted for another 39%.

Business-Type Activities

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

- ◆ Food service revenues exceeded expenditures by (\$54,848).
- ◆ Charges for services represent \$1,479,324 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$478,841.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

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

Curriculum and staff development include expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School District's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Township of Howell's taxpayers and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ending June 30, 2010, it reported a combined net asset balance of \$32,399,235. The reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities present the reader with a detailed explanation to the differences between the net change in fund balances and changes in net assets.

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

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The excesses will be carried forward into the beginning fund balance for the 2010-2011 fiscal year and will be used to fund the 2010-2011 fiscal budget.

Capital Assets

At the June 30, 2010, the School District had approximately \$94,362,999 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table 2 below shows the net book value of capital assets at the end of the 2010 fiscal year.

Table 2
Capital Assets (Net of Depreciation) at June 30

	2010
Land	\$ 5,348,018
Construction in progress	\$ 0
Building and improvements	\$ 85,680,353
Machinery and equipment	\$ 3,334,628
Totals	\$ 94,362,999

Debt Administration

At June 30, 2010, the School district had \$64,576,880 as outstanding debt. Of this amount, \$2,750,550 is for compensated absences, \$4,186,664 for capital leases, \$18,198 of installment obligations and the balance \$57,621,468 for bonds for school construction.

Economic Factors and Next Year's Budget

The Howell Township Public School District is in very good financial condition presently. Future finances are not without challenges as the community population continues to fluctuate and state funding is decreased.

The Township of Howell is primarily a residential community, with very few ratables, and is presently experiencing a slowing of what little ratable growth had been experienced. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which are voted by the residents annually.

The (\$3,390,373) in unrestricted net assets for all governmental activities represents the accumulated results of all past years' operations. This means that if the School Board had to pay off all bills today, including all of the School Board's non concurrent liabilities such as compensated absences, the School Board would have a deficit of \$3,390,373. The district also has \$1.00 in capital reserve monies as well as the fair market value of the capital assets.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid and Tax Levy caps. Since expenses continue to increase due to inflationary and legislative pressures and revenues are fixed, the district must reduce expenses to compensate.

The School Board cannot accurately forecast future enrollment, but presently is experiencing a continued reversal of the past growth trend.

In conclusion, the Howell Township Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or require additional information contact Ronald Sanasac, Business Administrator/Board Secretary at Howell Township Board of Education, P.O. Box 579, Howell, New Jersey 07731.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	172,468	172,468
Receivables, Net	2,946,086	42,163	2,988,249
Inventory		37,787	37,787
Capital Assets, Net (Note 1)	94,362,999	104,697	94,467,696
Total Assets	<u>97,309,085</u>	<u>357,115</u>	<u>97,666,200</u>
<u>Liabilities</u>			
Accounts Payable	112,542	161,936	274,478
Deferred Revenue	307,872		307,872
Noncurrent Liabilities (Note 3):			
Due Within One Year	8,615,692		8,615,692
Due Beyond One Year	55,961,188		55,961,188
Total Liabilities	<u>64,997,294</u>	<u>161,936</u>	<u>65,159,230</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	32,536,669	104,697	32,641,366
Restricted For:			
Debt Service	53,054		53,054
Capital Projects	107,735		107,735
Other Purposes	3,095,188		3,095,188
Unrestricted	<u>(3,480,855)</u>	<u>90,482</u>	<u>(3,390,373)</u>
Total Net Assets	<u>\$ 32,311,791</u>	<u>195,179</u>	<u>32,506,970</u>

The accompanying notes to financial statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 17,561,296			(17,561,296)		(17,561,296)
Special Education	11,774,665		1,837,365	(9,937,300)		(9,937,300)
Other Special Instruction	2,513,602			(2,513,602)		(2,513,602)
Other Instruction	295,933			(295,933)		(295,933)
Support Services:						
Tuition	510,142			(510,142)		(510,142)
Student & Instruction Related Services	11,382,615		1,458,239	(9,924,376)		(9,924,376)
School Administrative Services	1,162,051			(1,162,051)		(1,162,051)
General and Business Administrative Services	5,007,781			(5,007,781)		(5,007,781)
Plant Operations and Maintenance	9,006,679			(9,006,679)		(9,006,679)
Pupil Transportation	7,729,313			(7,729,313)		(7,729,313)
Unallocated Benefits	24,143,002			(24,143,002)		(24,143,002)
Business & Other Support Services	1,219,959			(1,219,959)		(1,219,959)
Interest on Long-Term Debt	2,735,159			(2,735,159)		(2,735,159)
ARRA-ESF	4,813,894			(4,813,894)		(4,813,894)
ARRA-GSF	186,353			(186,353)		(186,353)
Unallocated Depreciation	3,611,275			(3,611,275)		(3,611,275)
Total Government Activities	103,653,719	-	3,295,604	(100,358,115)	-	(100,358,115)
Business-Type Activities:						
Food Service	2,013,467	1,479,324	478,841		(55,302)	(55,302)
Total Primary Government	105,667,186	1,479,324	3,774,445	(100,358,115)	(55,302)	(100,413,417)

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

HOWELL TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				\$ 63,777,301		63,777,301
Taxes Levied for Debt Service				7,117,889		7,117,889
Federal and State Aid Not Restricted				43,278,554		43,278,554
Tuition Received				536,262		536,262
Investment Earnings				23,832		23,832
Miscellaneous Income				197,086	454	197,540
Other				2,023,855		2,023,855
Total General Revenues, Special Items, Extraordinary Items and Transfers				116,954,779	454	116,955,233
Change in Net Assets				16,596,664	(54,848)	16,541,816
Adjustment Of Beginning Net Assets				(1,445,798)		(1,445,798)
Net Assets - Beginning				17,160,925	250,027	17,410,952
Net Assets - Ending				\$ 32,311,791	195,179	32,506,970

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets					
Receivables from Other Governments	\$ 589,839	1,382,548	813,713		2,786,100
Accounts Receivable	159,901	85			159,986
Interfund Receivable	1,756,621			53,054	1,809,675
Total Assets	<u>\$ 2,506,361</u>	<u>1,382,633</u>	<u>813,713</u>	<u>53,054</u>	<u>4,755,761</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 88,424	24,118			112,542
Interfund Payable	53,054	1,050,643	705,978		1,809,675
Deferred Revenue		307,872			307,872
Total Liabilities	<u>141,478</u>	<u>1,382,633</u>	<u>705,978</u>	<u>-</u>	<u>2,230,089</u>
Fund Balance:					
Reserved for:					
Encumbrances	1,088,268		65,236		1,153,504
Legally Restricted - Unexpended Sale/ Leaseback Reserve	602,117				602,117
Designated for Subsequent Years Expenditures	1,404,802				1,404,802
Designated for Subsequent Years Expenditures - Excess Surplus	305,192				305,192
Capital Reserve Account	1				1
Unreserved, Reported In:					
General Fund	(1,035,497)				(1,035,497)
Capital Projects			42,499		42,499
Debt Service Fund				53,054	53,054
Total Fund Balances	<u>2,364,883</u>	<u>-</u>	<u>107,735</u>	<u>53,054</u>	<u>2,525,672</u>
Total Liabilities and Fund Balance	<u>\$ 2,506,361</u>	<u>1,382,633</u>	<u>813,713</u>	<u>53,054</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 \$149,141,159 and the accumulated depreciation is \$54,778,160.

94,362,999

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(64,576,880)

Net assets of governmental activities

\$ 32,311,791

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

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Local Sources:					
Local Tax Levy	\$ 63,777,301			7,117,889	70,895,190
Tuition Charges	536,082				536,082
Interest on Investments	23,832				23,832
Miscellaneous	197,087	1,900	-		198,987
Total Local Sources	<u>64,534,302</u>	<u>1,900</u>	<u>-</u>	<u>7,117,889</u>	<u>71,654,091</u>
State Sources	35,760,806	249,918	813,713	1,601,920	38,426,357
Federal Sources	5,102,294	3,043,786	-		8,146,080
Total Revenues	<u>105,397,402</u>	<u>3,295,604</u>	<u>813,713</u>	<u>8,719,809</u>	<u>118,226,528</u>
Expenditures					
Current:					
Regular Instruction	24,411,380				24,411,380
Special Education Instruction	9,937,300	1,837,365			11,774,665
Other Special Instruction	2,513,602				2,513,602
Other Instruction	295,933				295,933
Support Services and Undistributed Costs:					
Tuition	510,142				510,142
Student and Instruction Related Services	9,924,376				9,924,376
School Administrative Services	1,162,051	1,458,239			2,620,290
Other Administrative Services	5,007,781				5,007,781
Plant Operations and Maintenance	9,006,679				9,006,679
Pupil Transportation	7,729,313				7,729,313
Business and Other Support Services	1,219,959				1,219,959
Unallocated Benefits	24,143,002				24,143,002
Debt Service:					
Principal				5,829,070	5,829,070
Interest and Other Charges				2,899,075	2,899,075
Capital Outlay	5,438,289		1,864,931		7,303,220
ARRA-ESF	4,813,894				4,813,894
ARRA-GSF	186,353				186,353
Total Expenditures	<u>106,300,054</u>	<u>3,295,604</u>	<u>1,864,931</u>	<u>8,728,145</u>	<u>120,188,734</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(902,652)</u>	<u>-</u>	<u>(1,051,218)</u>	<u>(8,336)</u>	<u>(1,962,206)</u>
Other Financing Sources (Uses):					
Additional Surplus anticipated	722,923				722,923
Capital Outlay Budget			1,093,717		1,093,717
Adjust to Assets	89,115				89,115
Current Surplus anticipated	(290,055)				(290,055)
Leaseback Proceeds	1,550,261				1,550,261
Leaseback Expenditures	(1,142,106)				(1,142,106)
Total Other Financing Sources (Uses)	<u>930,138</u>	<u>-</u>	<u>1,093,717</u>	<u>-</u>	<u>2,023,855</u>
Net Change in Fund Balances	27,486	-	42,499	(8,336)	61,649
Fund Balance - July 1	<u>2,337,397</u>			<u>61,390</u>	<u>2,398,787</u>
Fund Balance - June 30	<u>\$ 2,364,883</u>	<u>-</u>	<u>42,499</u>	<u>53,054</u>	<u>2,460,436</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	61,649
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(3,611,275)	
Capital Outlays	<u>7,303,220</u>	3,691,945
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		5,829,070
In the statement of activities certain operating expenses, compensated absences are measured by the amount earned during the year. In the government funds however, expenditures for these items are reported in the amount of financial resources paid.		6,850,084
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.		<u>163,916</u>
Change in Net Assets of Governmental Activities (A-2)	\$	<u><u>16,596,664</u></u>

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 172,468
Accounts Receivable:	
State	2,726
Federal	39,437
Inventory	37,787
Total Current Assets	<u>252,418</u>
Noncurrent Assets:	
Equipment	1,171,911
Accumulated Depreciation	<u>(1,067,214)</u>
Total Fixed Assets	<u>104,697</u>
Total Assets	<u>\$ 357,115</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 161,936</u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 104,697
Unrestricted	<u>90,482</u>
Total Net Assets	<u>\$ 195,179</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit B-5

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales	\$ 1,455,508
Miscellaneous	23,816
Total Operating Revenues	<u>1,479,324</u>
Operating Expenses:	
Salaries & Benefits	878,434
Cost of Sales	962,330
Supplies and Materials	29,465
Audit	4,000
Commodities Processing	18,067
Depreciation	21,551
Uniforms	6,300
Office Supplies	4,528
Equipment/Repairs	56,116
Miscellaneous	32,676
Operating Expenses	<u>2,013,467</u>
Operating Gain/(Loss)	(534,143)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	26,324
Federal Sources:	
National School Lunch Program	376,087
Special Milk Program	4,021
Food Distribution Program	72,409
Interest Income	454
Total Non-Operating Revenues	<u>479,295</u>
Change in Net Assets	(54,848)
Net Assets - July 1	<u>250,027</u>
Net Assets - June 30	<u>\$ 195,179</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,479,324
Payments to Employees & Benefits	(878,434)
Payments to Supplies	(991,152)
Net Provided (Used) by Operating Activities	<u>(390,262)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	26,324
Federal Sources	380,108
Net Cash Provided by Noncapital Financing Activities	<u>406,432</u>
Cash Flows from Investing Activities:	
Interest	454
Net Increase (Decrease) in Cash and Cash Equivalents	16,624
Balance - July 1	<u>155,844</u>
Balance - June 30	<u>\$ 172,468</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (534,143)
Depreciation	21,551
Federal Commodities	72,409
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Decrease/(Increase) in Inventory	(106)
(Decrease)/Increase in Accounts Payable	16,094
Decrease/(Increase) in Accounts Receivable	33,933
Net Provided (Used) by Operating Activities	<u>\$ (390,262)</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETSFIDUCIARY FUNDS

Exhibit B-7

JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 320,863
Total Assets	<u>\$ 320,863</u>
Net Assets:	
Reserved - Unemployment Claims	\$ 320,863
Total Net Assets	<u>\$ 320,863</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

JUNE 30, 2010

	Unemployment Compensation Trust
	<u> </u>
<u>Additions</u>	
Contributions:	
Plan Member	\$ 535,476
Interest Earned	146
Total Contributions	<u>535,622</u>
<u>Deductions</u>	
Unemployment Claims	<u>264,144</u>
Total Deductions	<u>264,144</u>
Change in Net Assets	271,478
Net Assets - July 1	<u>49,385</u>
Net Assets - June 30	<u><u>\$ 320,863</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
HOWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Howell Township School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Howell Township School District had an approximate enrollment at June 30, 2010 of 6,761 students.

The students Grades 9-12 are educated by the Freehold Regional High School District of which Howell Township is a member.

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

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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

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

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 that were insignificant included amendments for federal ARRA Funding.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

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

The following 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the 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 last state aid payment.

Notes to Required Supplementary Information
Budgetary Comparison Schedule

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$ 105,492,259	3,568,924
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(273,320)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,361,724	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(3,456,581)	_____
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$ 105,397,402</u>	<u>3,295,604</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 106,300,054	3,568,924
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	N/A	(273,320)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 106,300,054</u>	<u>3,295,604</u>

F. Encumbrances:

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

Open encumbrances in the special revenue fund for which the 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.

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses (Continued)**

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. The records have been updated to June 30, 2010. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:				
Land	\$ 5,348,018	_____	_____	5,348,018
	<u>5,348,018</u>	_____	_____	<u>5,348,018</u>
Depreciable Assets:				
Site Improvements	9,253,753	4,284		9,258,037
Buildings	120,470,731	1,737,214		122,207,945
Machinery & Equip.	<u>11,822,404</u>	<u>504,755</u>	_____	<u>12,327,159</u>
Total	<u>141,546,888</u>	<u>2,246,253</u>	_____	<u>143,793,141</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Less: Accumulated Depreciation:				
Sites	(3,471,435)	(394,330)		(3,865,765)
Buildings	(39,549,644)	(2,370,220)		(41,919,864)
Machinery & Equip.	<u>(8,145,806)</u>	<u>(846,725)</u>		<u>(8,992,531)</u>
Total Accumulated Depreciation	<u>(51,166,885)</u>	<u>(3,611,275)</u>		<u>(54,778,160)</u>
Net Depreciable Assets	<u>90,380,003</u>	<u>(1,365,022)</u>		<u>89,014,981</u>
Governmental Activities Capital Assets (Net)	<u>\$ 95,728,021</u>	<u>(1,365,022)</u>		<u>94,362,999</u>

Depreciations expense was charged to governmental functions as follows:

Unallocated	<u>\$ 3,611,275</u>
-------------	---------------------

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-Type Activities:				
Equipment	\$ 1,171,911			1,171,911
Less: Accumulated Depreciation:				
Equipment	<u>(1,045,663)</u>	<u>(21,551)</u>		<u>(1,067,214)</u>
Business-Type Capital Assets (Net)	<u>\$ 126,248</u>	<u>(21,551)</u>		<u>104,697</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2010. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

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

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits**

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

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking and Money Market Accounts	<u>\$ 710,745</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2010 was \$710,745 and the bank balance was \$1,791,791. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,591,791 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Insured:		
FDIC	\$ 200,000	300,000
GUDPA	1,591,791	5,037,051

As of December 31, 2010 the District did not hold any long-term investments.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Long-Term</u> <u>Portion</u>	<u>2010-11</u> <u>Payment</u>
Compensated Absences Payable	\$ 9,600,634	6,850,084	2,750,550	2,750,550	
Capital Leases Payable	7,896,514	3,709,850	4,186,664	821,654	3,365,010
Installment Obligation	37,376	19,178	18,198	12,132	6,066
Bonds Payable	<u>63,431,359</u>	<u>5,809,891</u>	<u>57,621,468</u>	<u>52,376,852</u>	<u>5,244,616</u>
	<u>\$ 80,965,883</u>	<u>16,389,003</u>	<u>64,576,880</u>	<u>55,961,188</u>	<u>8,615,692</u>

A. Bonds Payable

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

<u>School</u>	<u>Date of</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>June 30, 2010</u>
Small Project	08-18-93	1.50%	\$ 71,841
Small Project	08-18-93	5.29%	284,627
Middle School (Refunded)	01-07-98	3.75% to 4.80%	4,475,000
Construction of 3 Schools	07-19-02	3.20% to 5.25%	24,010,000
Middle School (Refunded)	07-19-02	2.00% to 5.25%	10,830,000
ERIP (Refunded)	02-19-03	2.00% to 5.875%	2,735,000
Pension Series 2005	03-08-05	3.70% to 5.35%	<u>15,215,000</u>
			<u>\$ 57,621,468</u>

Maturity Schedule

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,244,616	2,730,766	7,975,382
2012	5,462,481	2,507,983	7,970,464
2013	5,715,566	2,253,868	7,969,434
2014	4,368,805	2,009,149	6,377,954
2015	4,495,000	1,783,463	6,278,463
2016-2020	22,865,000	5,229,438	28,094,438
2021-2025	9,275,000	673,973	9,948,973
2026-2028	<u>195,000</u>	<u>17,772</u>	<u>212,772</u>
	<u>\$ 57,621,468</u>	<u>17,206,412</u>	<u>74,827,880</u>

NOTE 3: General Long-Term Debt (Continued)

B. Capital Leases

2001 lighting renovations @ 5.47% interest for 10 years maturing 7/15/2010 with a balance of \$61,096 at June 30, 2010.

2006 various equipment @ 3.10% interest for 5 years maturing 7/22/10 with a balance of \$2,725,000 at June 30, 2010.

2008 various equipment @ 0% interest for 5 years maturing 8/18/11 with a balance of \$80,981 at June 30, 2010.

2008 equipment lease @ 0% interest for 5 years maturing 7/15/12 with a balance of \$920,612 at June 30, 2010.

2007 equipment lease @ 3.986% interest for 5 years maturing 9/30/12 with a balance of \$398,975 at June 30, 2010.

Future Minimum Lease Payments

2010-2011	\$ 3,365,009
2011-2012	491,093
2012-2013	<u>450,603</u>
	4,306,705
Less: Interest	<u>(120,041)</u>
Lease Payments	<u>\$ 4,186,664</u>

Installment Obligations

Underground storage tank @ no interest dated 8/15/02 for 10 years maturing 11/1/2012 with a balance of \$18,198 at June 30, 2010.

Maturity Schedule

	<u>Principal</u>
2010-2011	\$ 6,066
2011-2012	6,066
2012-2013	<u>6,066</u>
	<u>\$ 18,198</u>

NOTE 4: Pension Plans

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2010, the State of New Jersey contributed \$3,137,899 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,599,903 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Cost (APC)</u>	<u>of APC</u>	<u>Pension</u>
		<u>Contributed</u>	<u>Obligation</u>
6/30/10	\$ None	100%	\$ 0
6/30/09	None	100%	0
6/30/08	None	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/10	\$ 3,137,899	100%	\$ 0
6/30/09	3,031,150	100%	0
6/30/08	5,858,175	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and 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 post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

NOTE 6: Compensated Absences

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

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

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

NOTE 7: Capital Reserve Account

A capital reserve account was established by the Township of Howell Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, 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:

Beginning Balance July 1, 2009	<u>\$ 1</u>
Ending Balance June 30, 2010	<u>\$ 1</u>

NOTE 8: Inventory

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

Food	\$ 21,662
Supplies	<u>16,125</u>
	<u>\$ 37,787</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$5,821,464 General Fund fund balance at June 30, 2010, \$1,088,268 is reserved for encumbrances; \$1,404,802 has been appropriated and also included as anticipated revenue for the year ending June 30, 2010; \$602,117 is reserve for sale/leaseback; \$1 has been placed in the capital reserve, \$305,192 is excess surplus and \$2,421,084 is unreserved and undesignated.

NOTE 10: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 was \$305,192.

NOTE 11: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 12: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2010 financial statements.

NOTE 13: Economic Dependency

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

NOTE 14: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2009-2010	\$ 146	535,476	264,144	320,863
2008-2009	216	95,365	105,547	49,385
2007-2008	1,974	93,906	86,868	59,351

NOTE 15: Refunding Bonds

Refunding bonds were sold on July 19, 2002 for \$13,435,000 to refund principal and interest on the 1997 Middle School bonds leaving an aggregate principal amount of \$4,115,000 Series 1997 Bonds which will be fully amortized on July 15, 2007. This issue is fully insured by AMBAC Guaranty Insurance Company. The issuing funds have been deposited in an escrow deposit trust fund to defease all the callable bonds on July 15, 2007.

Refunding bonds were sold on March 8, 2005 for \$19,080,000. The Boards unfunded accrued liability in the PERS and TPAF systems under ERI pension fund liabilities.

The bonds maturing prior to July 15, 2016 are not subject to redemption prior to their stated maturities. The bonds of this issue maturing on or after July 15, 2016 are subject to redemption prior to their stated maturity at the option of the Board, in whole or in part, on any date, on or after July 15, 2015 upon notice as required herein at 100% of the principal amount (the "Redemption Price"), plus in each case accrued interest to the date fixed for redemption.

Refunding revenue bonds were sold on March 15, 2006 for \$5,008,000 for restructuring purposes.

NOTE 16: Operating Leases

Purchase of textbooks and equipment dated 9/17/09 for five years maturing 9/14/14 with 4.1398% interest with the following repayment schedule:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/17/10	\$ 292,505	45,028	337,533
9/17/11	301,002	36,530	337,532
9/17/12	309,746	27,786	337,532
9/17/13	318,744	18,788	337,532
9/16/14	<u>328,003</u>	<u>9,529</u>	<u>337,532</u>
	<u>\$ 1,550,000</u>	<u>137,661</u>	<u>1,687,661</u>

NOTE 17: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 18: Equity Balance

At June 30, 2010 the General Fund equity balance was as follows:

Sale/Leaseback Reserve	\$ 602,117
Capital Reserve	1
Reserve for Encumbrances	1,088,268
Designated for Subsequent Years Expenditures	1,404,802
Excess Surplus	305,192
Unrestricted	<u>2,421,084</u>
	<u>\$ 5,821,464</u>

NOTE 18: Equity Balance (Continued)**2% Calculation of Excess Surplus**

2009-10 Total General Fund Expenditures Per the CAFR	\$ 106,300,054
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(6,737,802)</u>
Adjusted 2009-10 General Fund Expenditures	\$ <u>99,562,252</u>
2% of Adjusted 2009-10 General Fund Expenditures	\$ 1,991,245
Increased by Allowable Adjustment	<u>429,839</u>
Maximum Unreserved/Undesignated Fund Balance	\$ <u>2,421,084</u>

Section 2

Total General Fund – Fund Balance @ 6-30-10	\$ 5,821,464
Decreased by:	
Reserved by Encumbrances	(1,088,268)
Other Reserved Fund Balances	(602,118)
Designated for Subsequent Year’s Expenditures	<u>(1,404,802)</u>
	\$ <u>2,726,276</u>
Excess Surplus	\$ <u>305,192</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$404,802
Additional Nonpublic School Transportation Aid	<u>25,037</u>
Total Adjustments	\$ <u>429,839</u>

Detail of Other Reserved Fund Balances

Sale/Leaseback Reserve	\$ 602,117
Capital Reserve	<u>1</u>
Total Other Reserved Fund Balance	\$ <u>602,118</u>

NOTE 19: Recent Account Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District’s financial position or results of operations.

NOTE 19: Recent Accounting Pronouncements (Continued)

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2010 through October 18, 2010.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 13

BUDGETARY COMPARISON SCHEDULE - 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:					
Local Sources:					
Local Tax Levy	\$ 63,777,301		63,777,301	63,777,301	-
Tuition	339,909		339,909	536,442	196,533
Interest on Investments	20,000		20,000	23,832	3,832
Miscellaneous	349,372		349,372	197,085	(152,287)
Total Local Sources	<u>64,486,582</u>	<u>-</u>	<u>64,486,582</u>	<u>64,534,660</u>	<u>48,078</u>
State Sources:					
Transportation Aid	2,912,289	(1,019,301)	1,892,988	1,892,988	-
Special Education Aid	3,672,741		3,672,741	3,672,741	-
Equalization Aid	27,557,760	(5,000,247)	22,557,513	22,557,513	-
Security Aid	545,246	(140,824)	404,422	404,422	-
Extraordinary Aid	160,000		160,000	564,802	404,802
Non Public Transportation			-	25,037	25,037
On Behalf of TPAF Pension Contr. (Non-Budgeted)			-	3,137,899	3,137,899
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	-	-
Total State Sources	<u>34,848,036</u>	<u>(6,160,372)</u>	<u>28,687,664</u>	<u>35,855,305</u>	<u>3,599,903</u>
Federal Sources					
Medicaid	41,825		41,825	102,047	60,222
ARRA-ESF		4,813,894	4,813,894	4,813,894	-
ARRA-GSF		186,353	186,353	186,353	-
Total Federal Sources	<u>41,825</u>	<u>5,000,247</u>	<u>5,042,072</u>	<u>5,102,294</u>	<u>60,222</u>
Total Revenues	<u>99,376,443</u>	<u>(1,160,125)</u>	<u>98,216,318</u>	<u>105,492,259</u>	<u>7,275,941</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 13

BUDGETARY COMPARISON SCHEDULE - 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>
Distributed Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Preschool/Kindergarten	5,259,972	(463,009)	4,796,963	4,773,577	23,386
Grades 1-5	12,454,432	(1,105,236)	11,349,196	11,279,275	69,921
Grades 6-8	7,832,759	(756,348)	7,076,411	7,032,402	44,009
Regular Programs - Undistributed					
Instruction:					
General Supplies	1,461,193	(448,507)	1,012,686	958,987	53,699
Textbooks	163,184	(68,984)	94,200	94,158	42
Other Objects	418,858	(101,604)	317,254	272,981	44,273
Total Regular Programs	<u>27,590,398</u>	<u>(2,943,688)</u>	<u>24,646,710</u>	<u>24,411,380</u>	<u>235,330</u>
Special Education:					
Cognitive - Mild:					
Instruction:					
Salaries of Teachers	149,000	(14,850)	134,150	132,900	1,250
Other Salaries for Instruction	85,851	(32,154)	53,697	51,511	2,186
General Supplies	3,000	(2,700)	300	246	54
Other Objects	2,000	(1,000)	1,000	853	147
Total Cognitive - Mild	<u>239,851</u>	<u>(50,704)</u>	<u>189,147</u>	<u>185,510</u>	<u>3,637</u>

HOWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or Language Disabilities - Instruction:					
Salaries of Teachers	1,302,148	(89,998)	1,212,150	1,211,323	827
Other Salaries for Instruction	512,889	(143,009)	369,880	369,732	148
General Supplies	27,000	(25,800)	1,200	1,176	24
Other Objects	6,200	(5,100)	1,100	1,100	-
Total Learning/Language Disabilities	1,848,237	(263,907)	1,584,330	1,583,331	999
Behavioral Disabilities - Instruction:					
Salaries of Teachers	265,703	(10,524)	255,179	250,761	4,418
Other Salaries For Instruction	114,468	(5,343)	109,125	108,934	191
Supplies	1,000	(900)	100	100	100
Other Objects	1,800		1,800	1,800	
Total Behavioral Disabilities	382,971	(16,767)	366,204	361,495	4,709
Multiple Disabilities - Instruction:					
Salaries of Teachers	220,511	80,723	301,234	301,230	4
Other Salaries for Instruction	85,851	(8,585)	77,266	77,266	-
General Supplies	4,000	(4,000)	-	-	-
Other Objects	2,000	(1,100)	900	822	78
Total Multiple Disabilities	312,362	67,038	379,400	379,318	82
Resource Room/Resource Center - Instruction:					
Salaries of Teachers	6,198,474	(783,763)	5,414,711	5,403,425	11,286
Other Salaries for Instruction	632,082	61,231	693,313	692,997	316
General Supplies	30,000	(30,000)	-	-	-
Other Objects	5,000	(4,000)	1,000	878	122
Total Resource Room/Resource Center	6,865,556	(756,532)	6,109,024	6,097,300	11,724

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autistic - Instruction:					
Salaries of Teachers	232,585	(11,629)	220,956	220,956	-
Other Salaries for Instruction	228,936	(11,225)	217,711	213,134	4,577
General Supplies	6,000	(6,000)	-	-	-
Other Objects	4,000	(3,000)	1,000	680	320
Total Autistic	471,521	(31,854)	439,667	434,770	4,897
Preschool Disabilities - Part-Time - Instruction:					
Salaries of Teachers	681,850	(354,410)	327,440	327,439	1
Other Salaries for Instruction	427,038	(259,628)	167,410	167,410	-
General Supplies	37,000	(36,931)	69	69	-
Other Objects	7,000	(6,772)	228	228	-
Total Preschool Disabilities - Part-Time	1,152,888	(657,741)	495,147	494,849	298
Preschool Disabilities-Full time-Instruction:					
Salaries of Teachers		200,125	200,125	200,125	
Other Salaries for Instruction		198,102	198,102	198,102	
General Supplies		2,131	2,131	1,978	153
Other Objects		522	522	522	
Total Preschool Disabilities-Full time		400,880	400,880	400,727	153
Total Special Education - Instruction	11,273,386	(1,309,587)	9,963,799	9,937,300	26,499
Basic Skills/Remedial Instruction:					
Salaries of Teachers	2,206,596	78,681	2,285,277	2,284,898	379
Other Salaries for Instruction	51,243	(13,809)	37,434	36,788	646
Total Basic Skills/Remedial	2,257,839	64,872	2,322,711	2,321,686	1,025

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	247,500	(57,516)	189,984	188,354	1,630
General Supplies	2,000		2,000	1,079	921
Textbooks	1,000		1,000	1,000	-
Other Objects	1,500		1,500	1,483	17
Total Bilingual Education	252,000	(57,516)	194,484	191,916	2,568
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	77,700	1,100	78,800	78,728	72
Other Purchased Services	6,800	(1,300)	5,500	19	5,481
General Supplies	2,000		2,000	1,635	365
Total School Sponsored Co-Curricular Activities	86,500	(200)	86,300	80,382	5,918
School Sponsored Athletics-Instruction					
Salaries	5,175		5,175	3,954	1,221
Other Purchased Services	237,120		237,120	211,597	25,523
Total School Sponsored Athletics	242,295		242,295	215,551	26,744
Total Instruction	41,702,418	(4,246,119)	37,456,299	37,158,215	298,084
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs W/I State - Special	234,477	(140,891)	93,586	93,586	-
Tuition to Private School for the Disabled W/I State	1,184,728	(494,109)	690,619	416,556	274,063
Total Instruction	1,419,205	(635,000)	784,205	510,142	274,063

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 13

BUDGETARY COMPARISON SCHEDULE - 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>
Attendance and Social Work:					
Salaries	83,000	(7,662)	75,338	75,333	5
Supplies and Materials	50	(50)	-	-	-
Other Objects	1,500	(1,350)	150	92	58
Total Attendance and Social Work	<u>84,550</u>	<u>(9,062)</u>	<u>75,488</u>	<u>75,425</u>	<u>63</u>
Health Services:					
Salaries	1,118,048	(86,116)	1,031,932	1,028,254	3,678
Purchase Prof/Tech. Services	15,000		15,000	15,000	-
Supplies and Materials	14,775	(1,075)	13,700	13,540	160
Other Objects	150	(150)	-	-	-
Total Health Services	<u>1,147,973</u>	<u>(87,341)</u>	<u>1,060,632</u>	<u>1,056,794</u>	<u>3,838</u>
Other Support Services - Students - Related Services:					
Salaries	1,434,839	(103,268)	1,331,571	1,326,572	4,999
Purchased Professional Educational Services	35,000	8,014	43,014	42,268	746
Supplies and Materials	9,000	(8,500)	500	450	50
Other Objects	8,000	(7,000)	1,000	945	55
Total Other Support Services - Students - Rel. Services	<u>1,486,839</u>	<u>(110,754)</u>	<u>1,376,085</u>	<u>1,370,235</u>	<u>5,850</u>
Other Support Services - Extraordinary Services:					
Salaries	<u>1,080,023</u>	<u>(102,090)</u>	<u>977,933</u>	<u>977,928</u>	<u>5</u>
Other Support Services Students - Regular:					
Salaries	<u>1,193,015</u>	<u>(95,276)</u>	<u>1,097,739</u>	<u>1,093,583</u>	<u>4,156</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 13

BUDGETARY COMPARISON SCHEDULE - 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>
Other Support Services - Special:					
Other Salaries for Instruction	2,704,766	(275,029)	2,429,737	2,429,168	569
Salaries - Secretarial and Clerical	511,396	(50,616)	460,780	460,146	634
Purchased Professional Ed Services	210,000	(67,767)	142,233	142,233	
Other Objects	8,500	(500)	8,000	7,962	38
Total Other Support Services - Special	<u>3,434,662</u>	<u>(393,912)</u>	<u>3,040,750</u>	<u>3,039,509</u>	<u>1,241</u>
Improvement of Instruction:					
Salaries - Supervisors	982,270	(101,277)	880,993	866,504	14,489
Salaries - Secretarial and Clerical	334,256	(15,727)	318,529	318,524	5
Total Improvement of Instruction	<u>1,316,526</u>	<u>(117,004)</u>	<u>1,199,522</u>	<u>1,185,028</u>	<u>14,494</u>
Educational Media Services/School Library:					
Salaries	1,044,103	(110,493)	933,610	923,223	10,387
Supplies and Materials	145,430	(19,930)	125,500	125,298	202
Total Educational Media Services/School Library	<u>1,189,533</u>	<u>(130,423)</u>	<u>1,059,110</u>	<u>1,048,521</u>	<u>10,589</u>
Instructional Staff Training Services:					
Other Objects	115,339	(28,339)	87,000	77,353	9,647
Total Instructional Staff Training Services	<u>115,339</u>	<u>(28,339)</u>	<u>87,000</u>	<u>77,353</u>	<u>9,647</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administration:					
Salaries	578,013	(50,235)	527,778	527,066	712
Legal Services	175,000		175,000	155,702	19,298
Audit Fees	24,000		24,000	24,000	
Purchased Professional Services	19,950	(2,950)	17,000	12,700	4,300
Purchased Technical Services	15,000	(6,887)	8,113	8,113	-
Communications - Telephone	329,387	25,613	355,000	355,000	-
Other Purchased Services	19,800		19,800	10,854	8,946
General Supplies	61,400	(24,400)	37,000	35,412	1,588
Other Objects	30,250	2,954	33,204	33,204	-
Total Support Services - General Administration	<u>1,252,800</u>	<u>(55,905)</u>	<u>1,196,895</u>	<u>1,162,051</u>	<u>34,844</u>
Support Services - School Administration:					
Salaries:					
Principals/Assistant Principals	2,791,476	(224,171)	2,567,305	2,567,305	-
Secretarial and Clerical	1,421,079	(161,109)	1,259,970	1,255,963	4,007
Other Purchased Services	28,500	(20,500)	8,000	7,999	1
Supplies & Materials	37,618	(14,118)	23,500	22,845	655
Total Support Services - School Administration	<u>4,278,673</u>	<u>(419,898)</u>	<u>3,858,775</u>	<u>3,854,112</u>	<u>4,663</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - 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>
Central Services:					
Salaries	1,085,881	(143,962)	941,919	941,919	-
Supplies and Materials	35,890	2,610	38,500	38,392	108
Sale-Lease-back Payments		239,648	239,648	239,648	-
Total Central Services	<u>1,121,771</u>	<u>98,296</u>	<u>1,220,067</u>	<u>1,219,959</u>	<u>108</u>
Administrative Information Technology:					
Salaries	297,297	(24,774)	272,523	272,518	5
Purchased Technical Services	367,850	403,555	771,405	767,665	3,740
Other Purchased Services	83,515	26,539	110,054	109,249	805
Supplies and Materials	7,500	(3,262)	4,238	4,237	1
Total Administrative Information Technology	<u>756,162</u>	<u>402,058</u>	<u>1,158,220</u>	<u>1,153,669</u>	<u>4,551</u>
Required Maintenance for School Facilities:					
Salaries	778,258	(49,452)	728,806	722,715	6,091
Cleaning Repairs & Maintenance Services	843,700	(71,784)	771,916	686,603	85,313
Supplies	205,700	(80,737)	124,963	121,741	3,222
Total Required Maintenance for School Facilities	<u>1,827,658</u>	<u>(201,973)</u>	<u>1,625,685</u>	<u>1,531,059</u>	<u>94,626</u>
Other Operating & Maintenance of Plant:					
Salaries	3,225,568	31,990	3,257,558	3,250,351	7,207
Cleaning Repairs & Maintenance	146,000	(2,138)	143,862	114,612	29,250
Other Purchased Property Services	198,430	(51,791)	146,639	135,617	11,022
Insurance	264,525	4,846	269,371	269,371	-
Purchased Services	31,000	(10,000)	21,000	17,664	3,336
Supplies	327,500	(55,825)	271,675	254,536	17,139

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Operating & Maintenance of Plant (Continued):					
Other Objects	20,000		20,000	20,000	
Energy	2,036,618	(283,487)	1,753,131	1,737,542	15,589
Energy-Gas	1,079,810	(31,110)	1,048,700	1,047,553	1,147
Total Other Operating & Maintenance of Plant	<u>7,329,451</u>	<u>(397,515)</u>	<u>6,931,936</u>	<u>6,847,246</u>	<u>84,690</u>
Care and Upkeep of Grounds:					
Salaries	409,660	53,365	463,025	462,737	288
Cleaning, Repair and Maintenance	52,000	(24,700)	27,300	24,373	2,927
General Supplies	100,700	(25,000)	75,700	62,783	12,917
Total Care and Upkeep of Grounds	<u>562,360</u>	<u>3,665</u>	<u>566,025</u>	<u>549,893</u>	<u>16,132</u>
Security					
Cleaning, Repair and Maintenance	108,000	(17,000)	91,000	78,481	12,519
Student Transportation Services:					
Salaries-Aides	439,178	16,501	455,679	452,929	2,750
Salaries - Pupil Trans. B/W Home & School - Regular	1,942,132	(168,316)	1,773,816	1,765,585	8,231
Cleaning Repairs & Maintenance	30,026	46,525	76,551	75,731	820
Lease Purchase Payments	267,558	(98,989)	168,569	168,569	-
Contracted Services B/W Home & School - Vendors	2,470,000	(164,648)	2,305,352	2,303,842	1,510
Contracted Services - Special Education - Vendors	950,000	(375,000)	575,000	370,988	204,012
Contracted Services - Joint Agreements	3,000	(3,000)	-	-	-
Contracted Services - Special Ed. - ESCs & CTSA's	806,000	(219,628)	586,372	563,024	23,348
Miscellaneous Purchased Services	550,000	(119,352)	430,648	413,438	17,210
Supplies & Materials	426,754	55,612	482,366	469,355	13,011
Miscellaneous Expenditures	256,724	(37,139)	219,585	210,562	9,023
Total Student Transportation Services	<u>8,141,372</u>	<u>(1,067,434)</u>	<u>7,073,938</u>	<u>6,794,023</u>	<u>279,915</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services - Employee Benefits:					
Social Security	236,250		236,250	236,250	-
Workmen's Compensation	525,000	-	525,000	525,000	-
Health Benefits	174,040	-	174,040	174,040	-
Total Student Transportation - Employee Benefits	935,290	-	935,290	935,290	-
Personal Services - Employee Benefits:					
Social Security	1,239,680	(183,619)	1,056,061	1,042,725	13,336
Workmen's Compensation	300,000	(48,280)	251,720	251,720	-
TPAF Contributions-ERIP	80,000		80,000	80,000	80,000
Health Benefits	12,759,366	921,672	13,681,038	13,161,983	519,055
Unemployment Compensation		245,000	245,000	245,000	-
Tuition Reimbursements	120,000	(33,788)	86,212	80,353	5,859
Other Contributions ERIP	398,145	416,174	814,319	804,292	10,027
Other Retirement Contributions	1,100,000	726,795	1,826,795	1,819,127	7,668
Total Personal Services - Employee Benefits	15,997,191	2,043,954	18,041,145	17,405,200	635,945
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	3,137,899	(3,137,899)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	3,599,903	(3,599,903)
	-	-	-	6,737,802	(6,737,802)
Total Undistributed Expenditures	54,778,393	(1,320,953)	53,457,440	58,703,303	(5,245,863)
Total Expenditures - Current Expense	96,480,811	(5,567,072)	90,913,739	95,861,518	(4,947,779)

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - 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>
Capital Outlay:					
Equipment:					
Undistributed Expenditures - School Administration	143,732		143,732	143,732	-
Multiple Disabilities	10,000	(10,000)			
Undistributed Expenditures - School Facilities	3,394,539	611,541	4,006,080	4,006,079	1
Undistributed Expenditures- Plant Maintenance		293,967	293,967	96,365	197,602
Undistributed Expenditures - Information Technology	347,361	(248,965)	98,396	98,396	-
	<u>3,895,632</u>	<u>646,543</u>	<u>4,542,175</u>	<u>4,344,572</u>	<u>197,603</u>
Facilities Acquisition-Construction		1,093,717	1,093,717	1,093,717	-
Total Capital Outlay	<u>3,895,632</u>	<u>1,740,260</u>	<u>5,635,892</u>	<u>5,438,289</u>	<u>197,603</u>
ARRA-ESF-Salaries		4,813,894	4,813,894	4,813,894	
ARRA-GSF-Salaries		186,353	186,353	186,353	
Total Expenditures	<u>100,376,443</u>	<u>1,173,435</u>	<u>101,549,878</u>	<u>106,300,054</u>	<u>(4,750,176)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,000,000)</u>	<u>(2,333,560)</u>	<u>(3,333,560)</u>	<u>(807,795)</u>	<u>2,525,765</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 13 of 13

BUDGETARY COMPARISON SCHEDULE - 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>
Other Financing Sources (Uses)					
Additional Surplus Appropriated				722,923	722,923
Current Surplus Anticipated				(290,055)	(290,055)
Adjust to Assets				89,115	89,115
Leaseback Proceeds				1,550,261	1,550,261
Leaseback Expenditures			-	(1,142,106)	(1,142,106)
Total Other Financing Sources (Uses)	-	-	-	<u>930,138</u>	<u>930,138</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(1,000,000)	(2,333,560)	(3,333,560)	122,343	3,455,903
Fund Balance July 1	<u>5,699,121</u>		<u>5,699,121</u>	<u>5,699,121</u>	-
Fund Balance June 30	<u>\$ 4,699,121</u>	<u>(2,333,560)</u>	<u>2,365,561</u>	<u>5,821,464</u>	<u>3,455,903</u>

HOWELL TOWNSHIP SCHOOL DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1a

STATE FISCAL STABILIZATION FUNDARRA-ESF

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers			
100-100-101	\$ 2,245,812	2,245,812	
2XX-100-10X	1,045,174	1,045,174	
000-2XX-10X	<u>1,522,908</u>	<u>1,522,908</u>	
Total ARRA-ESF	<u>\$ 4,813,894</u>	<u>4,813,894</u>	<u>-</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

STATE FISCAL STABILIZATION FUND

ARRA-GSF

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers 100-100-101	<u>\$ 186,353</u>	<u>186,353</u>	<u> </u>
Total ARRA-GSF	<u><u>\$ 186,353</u></u>	<u><u>186,353</u></u>	<u><u> </u></u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

BUDGETARY BASIS

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	\$ 347,185	(97,267)	249,918	249,918	-
Local Sources		1,900	1,900	1,900	-
Federal Sources	2,232,053	1,085,053	3,317,106	3,317,106	-
Total Revenues	<u>\$ 2,579,238</u>	<u>989,686</u>	<u>3,568,924</u>	<u>3,568,924</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 600,000	97,329	697,329	697,329	-
Purchased Professional and Technical Services	1,130,000	1,609	1,131,609	1,131,609	-
General Supplies	76,163	158,727	234,890	234,890	-
Textbooks	33,075	(85)	32,990	32,990	-
Other Objects		2,150	2,150	2,150	-
Total Instruction	<u>1,839,238</u>	<u>259,730</u>	<u>2,098,968</u>	<u>2,098,968</u>	<u>-</u>
Support Services:					
Other Salaries for Instruction		235,461	235,461	235,461	-
Personal Services - Employee Benefits	100,000	76,249	176,249	176,249	-
Purchased Professional Services	640,000	2,427	642,427	642,427	-
Other Purchased Services (400-500 Series)		22,856	22,856	22,856	-
Supplies and Materials		381,156	381,156	381,156	-
Total Support Services	<u>740,000</u>	<u>718,149</u>	<u>1,458,149</u>	<u>1,458,149</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		11,807	11,807	11,807	-
Total Expenditures	<u>\$ 2,579,238</u>	<u>989,686</u>	<u>3,568,924</u>	<u>3,568,924</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HOWELL TOWNSHIP SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET TO GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 105,492,259	3,568,924
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(273,320)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,361,724	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(3,456,581)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 105,397,402</u>	<u>3,295,604</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 106,300,054	3,568,924
Differences - budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(273,320)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 106,300,054</u>	<u>3,295,604</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

HOWELL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Non-Public							
	Textbooks	Nursing	E.S.L.	Chapter 192 Compensatory Education	Transportation	Supplemental Instruction	Chapter 193 Examination & Classification	Corrective Speech
Revenues:								
Local Sources	\$ -							
State Sources	32,990	42,587	1,957	68,139	20,683	18,318	35,653	29,591
Federal Sources								
Total Revenues	<u>\$ 32,990</u>	<u>42,587</u>	<u>1,957</u>	<u>68,139</u>	<u>20,683</u>	<u>18,318</u>	<u>35,653</u>	<u>29,591</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$ -							
General Supplies								
Textbooks	32,990							
Other Purchased Services								
Other Objects								
Total Instruction	<u>32,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services:								
Other Salaries								
Purchased Professional Services		42,587	1,957	68,139	20,683	18,318	35,653	29,591
Other Purchased Services								
Supplies and Materials								
Personal Services - Employee Benefits								
Total Support Services	<u>-</u>	<u>42,587</u>	<u>1,957</u>	<u>68,139</u>	<u>20,683</u>	<u>18,318</u>	<u>35,653</u>	<u>29,591</u>
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Expenditures	<u>\$ 32,990</u>	<u>42,587</u>	<u>1,957</u>	<u>68,139</u>	<u>20,683</u>	<u>18,318</u>	<u>35,653</u>	<u>29,591</u>

HOWELL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	I.D.E.A. Preschool	I.D.E.A. Part B Regular	Title I	Title IA	Title IID	Title III	Title IV	A.R.R.A. I.D.E.A. Preschool	A.R.R.A. I.D.E.A. Part B Regular	Howell Alliance	Totals
Revenues:											
Local Sources										1,900	1,900
State Sources			281,008	195,497	2,225	22,606	14,032	458	1,200,296		249,918
Federal Sources	81,487	1,519,497	281,008	195,497	2,225	22,606	14,032	458	1,200,296		3,317,106
Total Revenues	81,487	1,519,497	281,008	195,497	2,225	22,606	14,032	458	1,200,296	1,900	3,568,924
Expenditures:											
Instruction:											
Salaries of Teachers		318,606	202,575	139,075		17,805			19,268		697,329
General Supplies	52,155	71,157	19,243			3,423	2,032		86,880		234,890
Textbooks											32,990
Other Purchased Services		498,590							633,019		1,131,609
Other Objects									250	1,900	2,150
Total Instruction	52,155	888,353	221,818	139,075	-	21,228	2,032	-	739,417	1,900	2,098,968
Support Services:											
Other Salaries		235,461									235,461
Purchased Professional Services	29,332	273,457	9,010	18,577	2,067	15	10,000	373	82,668		642,427
Other Purchased Services		8,314	3,000	6,535	141			85	4,781		22,856
Supplies and Materials			11,044	3,495	17				366,600		381,156
Personal Services - Employee Benefits		108,935	36,136	27,815		1,363	2,000				176,249
Total Support Services	29,332	626,167	59,190	56,422	2,225	1,378	12,000	458	454,049	-	1,458,149
Facilities Acquisition and Construction Services:											
Instructional Equipment		4,977							6,830		11,807
Total Expenditures	81,487	1,519,497	281,008	195,497	2,225	22,606	14,032	458	1,200,296	1,900	3,568,924

CAPITAL PROJECTS FUND – F

HOWELL TOWNSHIP SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2010

Revenues:		
Local Budget	\$	1,093,717
State Grants		813,713
Total Revenues		<u>1,907,430</u>
Expenditures:		
Construction Services		<u>1,864,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		42,499
Fund Balance - Beginning		<u>-</u>
Fund Balance - Ending	\$	<u><u>42,499</u></u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISADDITION TO ELEMENTARY SCHOOLSFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ -	119,419	119,419	119,419
Local Share-Budget		160,511	160,511	160,511
Total Revenues	<u>-</u>	<u>279,930</u>	<u>279,930</u>	<u>279,930</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services		250,883	250,883	279,930
Total Expenditures	<u>-</u>	<u>250,883</u>	<u>250,883</u>	<u>279,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>29,047</u>	<u>29,047</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-020-09-0SAO		
		2290-030-09-0SAQ		
		2290-060-09-0SAW		
Grant Date		2009-2010		
Original Authorized Cost		\$ 279,930		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		89%		
Original Target Completion Date		9/1/2010		
Revised Target Completion Date		9/1/2010		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1b

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ADDITION TO ELEMENTARY SCHOOLS****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ -	694,294	694,294	694,294
Local Budget		933,206	933,206	933,206
Total Revenues	<u>-</u>	<u>1,627,500</u>	<u>1,627,500</u>	<u>1,627,500</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services		1,614,048	1,614,048	1,627,500
Total Expenditures	<u>-</u>	<u>1,614,048</u>	<u>1,614,048</u>	<u>1,627,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>13,452</u>	<u>13,452</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-020-09-OSAP		
		2290-032-09-OSAS		
		2290-040-09-OSAU		
Grant Date		2009-2010		
Original Authorized Cost		\$1,627,500		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		99%		
Original Target Completion Date		9/1/2010		
Revised Target Completion Date		9/1/2010		

PROPRIETARY FUNDS – G

STATEMENT OF NET ASSETS

Exhibit G-1

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 172,468
Accounts Receivable:	
State	2,726
Federal	39,437
Inventory	37,787
Total Current Assets	<u>252,418</u>
Noncurrent Assets	
Equipment	1,171,911
Accumulated Depreciation	<u>(1,067,214)</u>
Total Fixed Assets	<u>104,697</u>
Total Assets	<u>\$ 357,115</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 161,936</u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 104,697
Unrestricted	<u>90,482</u>
Total Net Assets	<u>\$ 195,179</u>

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit G-2

ENTERPRISE FUNDSJUNE 30, 2010

	<u>Food Services</u>
Operating Revenues:	
Daily Sales	\$ 1,455,508
Miscellaneous	23,816
Total Operating Revenues	<u>1,479,324</u>
Operating Expenses:	
Salaries & Benefits	878,434
Cost of Sales	962,330
Supplies and Materials	29,465
Audit	4,000
Commodities Processing	18,067
Depreciation	21,551
Uniforms	6,300
Office Supplies	4,528
Equipment/Repairs	56,116
Miscellaneous	32,676
Operating Expenses	<u>2,013,467</u>
Operating Gain/(Loss)	(534,143)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	26,324
Federal Sources:	
National School Lunch Program	376,087
Special Milk Program	4,021
Food Distribution Program	72,409
Interest Income	454
Total Non-Operating Revenues	<u>479,295</u>
Change in Net Assets	(54,848)
Net Assets - July 1	<u>250,027</u>
Net Assets - June 30	<u>\$ 195,179</u>

STATEMENT OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,479,324
Payments to Employees & Benefits	(878,434)
Payments to Supplies	(991,152)
Net Provided (Used) by Operating Activities	<u>(390,262)</u>
Cash Flows from Noncapital Financing Activities	
State Sources	26,324
Federal Sources	380,108
Net Cash Provided by Noncapital Financing Activities	<u>406,432</u>
Cash Flows from Investing Activities	
Interest	454
Net Increase (Decrease) in Cash and Cash Equivalents	16,624
Balance - July 1	<u>155,844</u>
Balance - June 30	<u>\$ 172,468</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (534,143)
Depreciation	21,551
Federal Commodities	72,409
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Inventory	(106)
(Decrease)/Increase in Accounts Payable	16,094
Decrease/(Increase) in Accounts Receivable	33,933
Net Provided (Used) by Operating Activities	<u>\$ (390,262)</u>

FIDUCIARY FUND – H

HOWELL TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

Exhibit H-1

JUNE 30, 2010

	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll Salary</u>	<u>Payroll Agency</u>	<u>Total</u>
Assets:					
Cash and Cash Equivalents	\$ 320,863	176,270	2,246	449,184	948,563
Total Assets	<u>\$ 320,863</u>	<u>176,270</u>	<u>2,246</u>	<u>449,184</u>	<u>948,563</u>
Liabilities:					
Payroll Deductions and Withholdings Due to Student Groups	\$ -	176,270	2,246	448,184	450,430
Total Liabilities	<u>\$ -</u>	<u>176,270</u>	<u>2,246</u>	<u>448,184</u>	<u>176,270</u>
Net Assets:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 320,863				320,863
Total Net Assets	<u>\$ 320,863</u>				<u>320,863</u>

HOWELL TOWNSHIP SCHOOL DISTRICTCOMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETSJUNE 30, 2010

Exhibit H-2

	<u>Unemployment Compensation Trust</u>	<u>Total</u>
Additions:		
Interest	\$ 146	146
Payroll Deductions and Withholdings	535,476	535,476
Total Additions	<u>535,622</u>	<u>535,622</u>
Deductions:		
Unemployment Claims	264,144	264,144
Total Deductions	<u>264,144</u>	<u>264,144</u>
Change in Net Assets	271,478	271,478
Net Assets, June 30, 2009	<u>49,385</u>	<u>49,385</u>
Net Assets, June 30, 2010	<u>\$ 320,863</u>	<u>320,863</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Total Schools	<u>\$ 165,260</u>	<u>337,957</u>	<u>326,947</u>	<u>176,270</u>

HOWELL TOWNSHIP SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 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	\$ 426,596	29,698,151	29,676,563	448,184
Total Assets	<u>\$ 426,596</u>	<u>29,698,151</u>	<u>29,676,563</u>	<u>448,184</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 426,596	29,698,151	29,676,563	448,184
Total Liabilities	<u>\$ 426,596</u>	<u>29,698,151</u>	<u>29,676,563</u>	<u>448,184</u>

LONG-TERM DEBT – I

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit 1-1
Sheet 1 of 3

SCHEDULE OF SERIAL BONDS

JUNE 30, 2010

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
School:								
Small Project	8/18/93	\$ 341,250	7/15/10-2013	\$ 17,961	1.50%	\$ 89,802	17,961	71,841
Small Project	8/18/93	1,023,750	7/15/10 7/15/11 7/15/12 7/15/13	66,655 69,521 72,606 75,845	5.29%	348,557	63,930	284,627
Middle School (Refunding)	1/7/98	13,590,000	7/15/10 7/15/11 7/15/12	1,425,000 1,490,000 1,560,000	4.70% 4.75% 4.80%	5,835,000	1,360,000	4,475,000
Middle School (Refunding)	7/19/02	13,435,000	7/15/10 7/15/11 7/15/12 7/15/13 7/15/14 7/15/15 7/15/16 7/15/17	1,145,000 1,185,000 1,245,000 1,305,000 1,375,000 1,445,000 1,525,000 1,605,000	3.60% 3.70% 5.00% 5.25%	11,935,000	1,105,000	10,830,000

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

Exhibit I-1
Sheet 2 of 3

JUNE 30, 2010

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Construction of 3 Schools	7/19/02	\$ 31,530,000	7/15/10	\$ 1,360,000	3.60%	25,320,000	1,310,000	24,010,000
			7/15/11	1,410,000	3.70%			
			7/15/12	1,475,000	5.00%			
			7/15/13	1,550,000				
			7/15/14	1,630,000	5.25%			
			7/15/15	1,720,000				
			7/15/16	1,810,000				
			7/15/17	1,910,000				
			7/15/18	2,010,000				
			7/15/19	2,115,000	5.00%			
		7/15/20	2,225,000					
		7/15/21	2,340,000					
		7/15/22	2,455,000	4.75%				
ERIP Refunding	2/19/03	3,630,000	10/1/10	155,000	4.500%	2,880,000	145,000	2,735,000
			10/1/11	165,000	4.750%			
			10/1/12	170,000	4.875%			
			10/1/13	185,000	5.000%			
			10/1/14	195,000	5.100%			
			10/1/15	205,000	5.200%			
			10/1/16	220,000	5.375%			
			10/1/17	235,000	5.500%			
		10/1/18	250,000	5.500%				

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

Exhibit I-1
Sheet 3 of 3

JUNE 30, 2010

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
ERIP Refunding (Continued)	2/19/03	\$ 3,630,000	10/1/19	\$ 265,000	5.625%			
			10/1/20	280,000	5.750%			
			10/1/21	50,000	5.875%			
			10/1/22	50,000				
			10/1/23	55,000	5.875%			
			10/1/24	60,000				
			10/1/25	60,000				
			10/1/26	65,000				
			10/1/27	70,000				
							16,240,000	1,025,000
Pension Series 2005	3/8/05	19,080,000	7/15/10	1,075,000	4.450%			
			7/15/11	1,125,000	4.600%			
			7/15/12	1,175,000	4.650%			
			7/15/13	1,235,000	4.800%			
			7/15/14	1,295,000	4.950%			
			7/15/15	1,360,000	4.950%			
			7/15/16	1,430,000	5.050%			
			7/15/17	1,505,000	5.100%			
			7/15/18	1,585,000	5.200%			
			7/15/19	1,670,000	5.300%			
			7/15/20	1,760,000	5.350%			
						783,000	783,000	-
Refunding Revenue Bonds	3/15/06	5,008,000	8/1/09	783,000	3.500%			
						783,000	783,000	
						\$ 63,431,359	5,809,891	57,621,468

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1a

SCHEDULE OF INSTALLMENT OBLIGATIONS

	<u>Date of Agreement</u>	<u>Amount</u>	<u>Date of Installments</u>	<u>Balance June 30, 2009</u>	<u>Paid</u>	<u>Balance June 30, 2010</u>
Underground Storage Tank	8/10/99	\$131,123	8/1/2009@ \$13,112	\$ 13,112	13,112	-
Underground Storage Tank	8/15/02	60,660	11/1/10-11/1/12@ \$6,066	24,264	6,066	18,198
				<u>\$ 37,376</u>	<u>19,178</u>	<u>18,198</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit I-2

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2010

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2009</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2010</u>
2001 Equipment - Greentech	5.47%	\$ 500,000	\$ 119,021	57,924	61,097
2005 Equipment Lease	2.84%	2,170,000	456,636	456,636	-
2006 Equipment Lease	3.10%	6,200,000	5,450,000	2,725,000	2,725,000
2007 Equipment Lease	3.10%	640,120	521,903	122,929	398,974
Apple Equipment Lease	0.00%	1,227,483	1,227,483	306,871	920,612
Dell Equipment Lease	0.00%	161,961	121,471	40,490	80,981
			<u>\$ 7,896,514</u>	<u>3,709,850</u>	<u>4,186,664</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

LONG-TERM DEBT

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 Positive/(Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,117,889		7,117,889	7,117,889	
State Sources:					
Debt Service Aid Type II	1,601,920		1,601,920	1,601,920	
Total Revenues	<u>8,719,809</u>	<u>-</u>	<u>8,719,809</u>	<u>8,719,809</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	2,952,129		2,952,129	2,899,075	53,054
Redemption of Principal	5,829,070		5,829,070	5,829,070	-
Total Regular Debt Service	<u>8,781,199</u>	<u>-</u>	<u>8,781,199</u>	<u>8,728,145</u>	<u>53,054</u>
Total Expenditures	<u>8,781,199</u>	<u>-</u>	<u>8,781,199</u>	<u>8,728,145</u>	<u>53,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,390)	-	(61,390)	(8,336)	53,054
Fund Balance July 1	<u>61,390</u>		<u>61,390</u>	<u>61,390</u>	
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>53,054</u>	<u>53,054</u>

STATISTICAL SECTION

(Unaudited)

**Howell Township Board of Education
Net Assets by Component,
Last Four Fiscal Years (Unaudited)**

(accrual basis of accounting)

Exhibit J-1

GASB B-1
New

	Fiscal Year Ending June 30,		
	2007	2008	2009
			2010
Governmental activities			
Invested in capital assets, net of related debt	\$ 16,185,105	\$ 20,630,083	\$ 24,362,772
Restricted	5,462,806	1,472,443	3,298,844
Unrestricted	(8,256,031)	(7,357,469)	(10,500,691)
Total governmental activities net assets	\$ 13,391,880	\$ 14,745,057	\$ 17,160,925
Business-type activities			
Invested in capital assets, net of related debt	\$ 190,198	\$ 155,707	\$ 126,248
Restricted	-	-	-
Unrestricted	295,026	139,478	123,779
Total business-type activities net assets	\$ 485,224	\$ 295,185	\$ 250,027
District-wide			
Invested in capital assets, net of related debt	\$ 16,375,303	\$ 20,785,790	\$ 24,489,020
Restricted	5,462,806	1,472,443	3,298,844
Unrestricted	(7,961,005)	(7,217,991)	(10,376,912)
Total district net assets	\$ 13,877,104	\$ 15,040,242	\$ 17,410,952

Source: CAFR Schedule A-1

Howell Township Board of Education
Changes in Net Assets, Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

Exhibit J-2
GASB B-2
New

	Fiscal Year Ending June 30,		
	2007	2008	2009
Expenses			
Governmental activities			
Instruction			
Regular	\$ 26,477,395	\$ 25,324,402	\$ 27,936,074
Special education	12,155,584	11,738,231	11,747,024
Other special education	2,079,102	2,316,377	2,399,469
Vocational	-	-	-
Other instruction	445,292	286,406	290,634
Nonpublic school programs	-	-	-
Adult/continuing education programs	-	-	-
Support Services:			
Tuition	190,382	1,498,748	975,677
Student & instruction related services	9,962,179	10,757,868	10,730,418
General and Business Administrative Services	1,105,534	1,126,895	2,951,545
School administrative services	6,581,249	6,838,228	4,429,442
Other Administrative Services	-	-	-
Plant operations and maintenance	8,664,787	8,865,965	8,857,930
Pupil transportation	9,233,863	9,500,796	8,583,385
Business and Other Support Services	-	-	-
Special Schools	-	-	-
Charter Schools	-	-	-
Unallocated Benefits	23,023,894	25,512,465	23,717,984
Interest on long-term debt	3,553,091	2,894,312	3,164,645
ARRA - ESF	-	-	-
ARRA - GSF	-	-	-
Unallocated depreciation	5,593,058	3,728,678	3,626,689
Total governmental activities expenses	109,085,410	110,389,371	109,410,916
Business-type activities:			
Food service	2,070,277	2,152,537	2,033,504
Child Care	-	-	-
Total business-type activities expense	2,070,277	2,152,537	2,033,504
Total district expenses	\$ 111,135,687	\$ 112,541,908	\$ 111,444,420
			\$ 102,371,582
Program Revenues			
Governmental activities:			
Charges for services:			
Instruction (tuition)	\$ -	\$ -	\$ -
Pupil transportation	-	-	-
Business and other support services	-	-	-
Operating grants and contributions	2,455,617	2,616,997	1,579,357
			3,295,689

**Howell Township Board of Education
Fund Balances, Governmental Funds,
Last Four Fiscal Years (Unaudited)**
(modified accrual basis of accounting)

Exhibit J-3

GASB B-3
New

	2007	2008	2009	2010
General Fund				
Reserved	\$ 4,866,301	\$ 4,746,389	\$ 3,237,454	\$ 3,160,424
Unreserved	824,307	2,461,452	(900,057)	(730,305)
Total general fund	<u>\$ 5,690,608</u>	<u>\$ 7,207,841</u>	<u>\$ 2,337,397</u>	<u>\$ 2,430,119</u>
All Other Governmental Funds				
Reserved	\$ 596,570	\$ 305,392		
Unreserved, reported in:				
Special revenue fund	(7,625)	(7,870)		42,499
Capital projects fund	-	-		53,054
Debt service fund	7,559	61,390	61,390	-
Permanent fund	-	-	-	-
Total all other governmental funds	<u>\$ 596,504</u>	<u>\$ 358,912</u>	<u>\$ 61,390</u>	<u>\$ 95,553</u>

Source: CAFR Schedule B-1

Howell Township Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years (Unaudited)

Exhibit J-4
GASB B-4
New

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	\$ 39,088,970	\$ 43,179,079	\$ 46,706,023	\$ 52,230,942	\$ 56,747,257	\$ 58,687,036	\$ 66,289,974	\$ 67,648,945	\$ 69,558,224	\$ 70,895,190
Tuition charges	107,440	98,170	96,042	97,907	28,539	141,490	295,235	171,476	387,572	536,262
Interest earnings	302,095	107,078	467,916	151,553	220,205	283,125	339,056	187,787	60,218	23,832
Miscellaneous	99,541	49,277	52,972	2,580,298	139,400	2,291,820	99,290	72,013	363,228	198,986
State sources	32,236,266	34,099,737	34,417,758	36,611,140	38,072,977	38,815,776	42,326,139	43,248,009	41,536,811	38,426,263
Federal sources	-	-	1,705,871	2,013,717	1,618,446	2,214,534	1,939,325	2,168,732	1,306,302	8,146,080
Total revenue	71,834,312	77,533,341	83,446,582	93,685,557	96,828,824	102,433,781	111,289,019	113,496,962	113,212,355	118,226,613
Expenditures										
Instruction										
Regular instruction	22,595,319	23,432,091	25,494,280	26,852,667	25,857,176	24,725,729	24,976,233	25,962,242	26,777,938	24,411,380
Special education instruction	5,857,871	6,538,400	7,100,370	7,428,789	8,039,904	11,036,324	12,155,564	11,736,231	11,747,024	11,774,750
Other special instruction	1,397,924	1,378,439	1,691,611	1,354,628	1,524,599	1,546,550	2,079,102	2,316,377	2,399,469	2,513,602
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	356,081	366,632	-	357,435	479,943	374,090	445,292	286,406	290,634	295,933
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,478,634	1,663,562	1,444,249	2,006,909	1,961,944	1,349,826	190,382	1,498,748	975,677	510,142
Student & instruction related services	5,843,225	6,261,834	7,583,324	7,981,995	8,624,811	8,997,790	9,962,179	10,757,868	10,730,418	11,382,615
General administrative services	3,181,467	3,379,175	2,032,401	3,955,027	5,630,797	5,538,363	6,581,249	1,126,895	4,429,442	1,162,051
School Administrative services	-	-	-	-	-	-	-	-	-	-
Other Administrative services	5,594,481	5,896,098	6,464,746	7,647,279	7,801,546	8,735,101	8,664,787	8,865,965	8,857,930	9,006,679
Plant operations and maintenance	5,841,872	6,185,162	6,901,829	9,845,832	8,358,375	8,617,601	9,233,863	9,500,796	8,583,385	7,729,313
Pupil transportation	8,548,941	9,878,912	42,236	35,529	-	-	-	2,534,759	1,888,410	1,219,959
Business and Other Support Services	2,997,675	2,700,920	14,851,352	16,330,871	17,393,279	18,757,558	23,023,894	25,512,465	23,717,984	24,143,002
Unallocated employee benefits	-	-	-	-	-	-	-	-	-	-
ARRA-ESF	-	-	-	-	-	-	-	-	-	-
ARRA-GSF	-	-	-	-	-	-	-	-	-	-
Capital outlay	3,083,217	3,007,442	35,768,541	6,722,231	5,885,980	897,672	8,818,071	3,768,240	3,927,669	7,303,220
Charter Schools	-	-	-	-	-	-	-	-	-	-
Special Revenue	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	3,171,871	3,207,746	3,350,256	3,903,347	4,791,747	4,970,650	6,024,695	6,183,047	6,040,540	5,829,070
Interest and other charges	2,346,352	2,025,566	1,929,736	4,056,705	3,249,535	3,816,611	3,713,641	3,392,440	3,180,829	2,899,075
Total expenditures	73,998,922	78,028,938	118,111,480	100,576,229	102,223,598	101,162,405	116,974,506	117,747,948	114,610,484	120,188,819
Excess (Deficiency) of revenues over (under) expenditures	(2,164,610)	(495,597)	(34,664,898)	(6,890,672)	(5,396,774)	1,271,376	(5,685,487)	(4,250,986)	(1,398,129)	(1,962,206)
Other Financing sources (uses)										
Capital leases (non-budgeted)	430,104	1,853,049	-	5,157,800	2,170,000	-	6,200,000	640,120	1,389,444	1,093,717
Capital Projects	-	-	-	13,050	-	-	-	-	-	-
Sale/Leaseback Proceeds	-	-	-	86,109	285,943	(1,162,383)	(1,982,030)	(118,575)	-	1,550,261
Leaseback Expenditures	41,960,000	-	-	-	19,080,000	-	-	-	-	(1,142,106)
Proceeds of refunding debt	11,689,186	-	-	-	-	-	-	-	-	-
Current/Anticipated Additional Surplus	(11,689,186)	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	432,868
Accounts Receivable Cancelled	-	-	(8,647)	-	-	-	-	-	(150,000)	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Payroll Account	-	28,440	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Adjust to Assets	-	-	-	(15,947,093)	-	-	-	-	-	89,115
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	42,390,104	1,881,489	(8,647)	5,256,959	5,588,850	(1,162,383)	4,217,970	521,545	1,239,444	2,023,855
Net change in fund balances	\$ 40,225,494	\$ 1,385,892	\$(34,673,545)	\$(1,633,713)	\$ 192,076	\$ 108,993	\$(1,467,517)	\$(3,729,441)	\$(158,685)	\$ 61,649
Debt service as a percentage of noncapital expenditures	7.8%	7.0%	6.4%	8.5%	8.3%	8.8%	9.0%	8.4%	8.3%	7.7%

Source: CAFR Schedule B-2
End of Yr. Funds 10,20,40 (AP)
End of Yr. Expenditure Budget Rprt & Funds 11,12,20,40 (AP)

HOWELL TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	Interest on		Tuition	Rentals	Misc.	Total
	Investments	Revenue	Revenue			
2001	302,095	107,440	-	-	51,020	460,555
2002	107,078	98,170	-	-	49,277	254,525
2003	467,916	96,042	-	-	52,972	616,930
2004	151,553	97,907	-	-	2,580,298	2,829,758
2005	220,205	28,539	-	-	139,400	388,144
2006	283,125	141,490	-	-	2,291,820	2,716,435
2007	339,056	295,235	-	-	86,127	720,418
2008	179,086	183,909	-	-	68,494	431,488
2009	60,218	387,572	-	-	363,228	811,018
2010	23,832	536,262	-	-	197,086	757,180

Source: District Records - Audit B2

Exhibit J-6
GASB C-11
NJ J.4

**Howell Township Board of Education
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qual Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2000	99,280,150	2,129,901,540	34,160,200	2,831,719	217,548,300	53,216,350	0	2,536,938,259	0	8,892,108	2,545,830,367	1.441	2,679,015,841
2001	102,415,150	2,185,309,240	35,640,800	2,878,119	225,699,100	56,817,850	0	2,608,760,259	0	8,413,414	2,617,173,673	1.572	2,907,971,330
2002	92,838,850	2,257,106,240	36,076,300	2,784,919	246,563,100	58,033,850	0	2,693,403,259	0	7,904,466	2,701,307,725	1.664	3,265,035,465
2003	116,491,150	2,276,816,540	38,719,400	2,814,319	255,402,100	57,578,250	0	2,747,821,759	0	7,595,629	2,755,417,388	1.795	3,702,612,690
2004	117,897,150	2,324,256,240	51,243,300	2,666,300	259,498,000	57,078,250	0	2,812,739,240	0	6,303,982	2,819,043,222	1.933	4,340,461,555
2005	120,597,750	2,375,496,640	43,161,300	2,551,300	296,105,200	57,612,450	0	2,895,524,640	0	5,407,198	2,900,931,838	1.990	5,046,054,306
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A
2007	249,995,100	5,667,270,700	108,077,700	2,510,100	703,025,300	115,926,300	0	6,846,805,200	0	8,875,863	6,855,681,063	0.977	6,721,434,951
2008	264,011,700	5,707,045,800	107,499,400	2,543,100	667,961,100	111,543,900	0	6,860,605,000	0	9,626,317	6,870,231,317	0.999	7,080,369,254
2009	253,365,700	5,735,865,900	104,001,400	2,426,100	662,057,600	109,299,300	0	6,867,016,000	0	10,565,151	6,877,581,151	1.021	7,091,166,316
2010	237,133,360	5,747,380,000	107,553,000	2,707,600	662,086,020	134,095,700	0	6,890,955,680	0				

Source: District records Tax list summary & 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. Monmouth County Abstract of Rates
 Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Howell Township Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years Unaudited)**

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Howell Township Board of Education				Freehold			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General		Total Direct	Regional School District	Howell Township	Library/Other	Monmouth County	Overlapping Rates			
	Basic Rate ^a	Obligation Debt Service ^b						Howell Township	Library/Other	Monmouth County	
2000	N/A	N/A	N/A	0.511	0.398	0.038	0.553	N/A	N/A		
2001	N/A	N/A	N/A	0.583	0.429	0.039	0.582	N/A	N/A		
2002	N/A	N/A	N/A	0.722	0.439	0.040	0.603	N/A	N/A		
2003	N/A	N/A	N/A	0.769	0.439	0.031	0.632	N/A	N/A		
2004	N/A	N/A	N/A	0.790	0.453	0.032	0.635	N/A	N/A		
2005	N/A	N/A	N/A	0.817	0.533	0.032	0.626	N/A	N/A		
2006	N/A	N/A	N/A				0.000	N/A	N/A		
2007	0.865	0.113	0.978	0.353	0.266	0.033	0.267	2.875	2.875		
2008	0.888	0.111	0.999	0.371	0.266	0.030	0.232	2.897	2.897		
2009	0.915	0.106	1.021	0.353	0.266	0.033	0.268	2.962	2.962		
2010	0.928	0.101	1.029					2.058	2.058		

Source: District Records and Municipal Tax Collector

Note:

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

Howell Township Board of Education
Principal Property Tax Payers,
Current Year and Ten Years Ago
(Unaudited)

Exhibit J-8
GASB C-3
NJ J-11

Taxpayer	2010			2000		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Buffalo-Parkton & Feurestein	\$ 45,138,000	1	0.66%	-		0.00%
Howell Friendship Real Estate Co.	\$ 24,973,300	2	0.36%	14,194,800	1	0.57%
Lanes Mill Assoc. LLC	\$ 20,767,600	3	0.30%	-		0.00%
Wal Mart Stores, Inc.	\$ 17,641,000	4	0.26%	8,488,700	2	0.34%
Home Depot, USA, Inc.	\$ 17,160,000	5	0.25%	10,930,000		0.44%
Lowes Home Centers	\$ 16,560,000	6	0.24%			0.00%
Target Corporation	\$ 14,800,000	7	0.22%	-		0.00%
Zee Jay Realty	\$ 14,348,200	8	0.21%	-		0.00%
Howell Association	\$ 13,705,500	9	0.20%			0.00%
Eagle Golf Enterprises	\$ 11,340,500	10	0.16%	6,456,500		0.26%
Total	\$ 196,434,100		2.86%	\$ 40,070,000		1.60%

Source: District CAFR & Municipal Tax Assessor

**Howell Township Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years (Unaudited)**

Exhibit J-9
GASB C-4
Expanded J-3

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2000	70,661,883	68,569,857	97.04%	-
2001	79,166,534	76,150,999	96.19%	-
2002	89,471,456	86,947,589	97.18%	-
2003	97,990,979	96,268,659	98.24%	-
2004	109,252,648	106,068,245	97.09%	-
2005	115,268,414	112,415,070	97.52%	-
2006	115,268,414	112,415,070	97.52%	-
2007	125,813,658	122,649,197	97.48%	-
2008	134,889,611	132,083,633	97.92%	-
2009	137,155,943	135,312,221	98.66%	-
2010	139,827,182	135,767,912	97.10%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)
Letter sent to Tax Collector.

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

Howell Township Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Exhibit J-10

GASB D-1 New

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Income ^a		
2001	46,544,571	-	2,587,725	-	-	49,132,296	0.10%	49,603	
2002	43,381,774	-	3,897,651	-	-	47,279,425	0.11%	49,855	
2003	75,887,255	-	2,686,295	-	-	78,573,550	0.06%	50,130	
2004	72,040,799	-	7,078,107	-	-	79,118,906	0.00%	-	
2005	86,402,356	-	7,846,580	-	-	94,248,936	0.00%	-	
2006	81,622,102	-	6,153,428	-	-	87,775,530	0.00%	-	
2007	75,616,585	-	10,306,406	-	-	85,922,991	0.00%	-	
2008	69,452,720	-	8,840,202	-	-	78,292,922	0.00%	-	
2009	63,431,359	-	7,896,514	-	-	71,327,873	0.00%	-	
2010	57,621,468	-	5,736,664	-	-	63,358,132	0.00%	-	

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

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

a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Howell Township Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Exhibit J-11
 GASB D-2
 NJ J-6 modified

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2000	49,625,705	-	49,625,705	1.98%	1,067
2001	46,544,571	-	46,544,571	1.78%	952
2002	43,381,774	-	43,381,774	1.66%	875
2003	75,887,255	-	75,887,255	2.81%	1,522
2004	82,776,978	-	82,776,978	3.00%	1,651
2005	86,402,356	-	86,402,356	2.98%	1,724
2006	81,622,101	-	81,622,101	2.65%	-
2007	75,616,585	-	75,616,585	1.10%	1,507
2008	69,452,720	-	69,452,720	1.01%	1,352
2009	63,431,359	-	63,431,359	0.92%	1,237
2010	57,639,666	-	57,639,666		

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

Source: General Obligation Bonds, Debt Balance less EDA commitments

Howell Township Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2010

Exhibit J-12
 GASB D-3
 NJ J-8 modified

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes Howell Township	53,959,339	100.000%	53,959,339
Other debt Freehold Regional High School Monmouth County	41,770,000 415,888,409	21.643% 5.631%	10,323,618 23,418,676
Subtotal, overlapping debt			87,701,633
Howell Township School District Direct Debt			<u>69,509,452</u>
Total direct and overlapping debt			<u><u>\$ 157,211,085</u></u>

*Used 2008 Data updated information was not available at time of CAFR report preparation.

Sources: Howell Township Finance Officer, Monmouth County Finance Office,
 Howell Township Website

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

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

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized valuation basis
2010 6,994,048,573
2009 7,091,186,316
2008 7,080,369,254
[A] <u>\$ 21,165,604,143</u>

Average equalized valuation of taxable property **[A/3]** \$ 7,055,201,381

Debt limit (3 % of average	[B] 211,656,041	a
Net bonded school debt	[C] 64,576,880	
Legal debt margin	[B-C] <u>\$ 147,079,161</u>	

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 94,268,637	\$ 97,424,724	\$ 127,586,779	\$ 134,644,586	\$ 169,657,616	\$ 165,538,500	\$ 183,886,637	\$ 196,597,794	\$ 211,663,211	\$ 211,656,041
Total net debt applicable to limit	<u>46,544,571</u>	<u>43,381,774</u>	<u>75,887,255</u>	<u>82,776,978</u>	<u>86,402,356</u>	<u>81,622,102</u>	<u>75,692,322</u>	<u>75,692,322</u>	<u>75,692,322</u>	<u>64,576,880</u>
Legal debt margin	<u>\$ 47,724,066</u>	<u>\$ 54,042,950</u>	<u>\$ 51,699,524</u>	<u>\$ 51,867,608</u>	<u>\$ 83,255,260</u>	<u>\$ 83,916,398</u>	<u>\$ 108,194,315</u>	<u>\$ 120,905,472</u>	<u>\$ 135,970,889</u>	<u>\$ 147,079,161</u>

Total net debt applicable to the limit as a percentage of debt limit	49.37%	44.53%	59.48%	61.48%	50.93%	49.31%	41.16%	38.50%	35.76%	30.51%
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Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Howell Township Board of Education
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Exhibit J-14
 GASB E-1
 NJ J-10 modified

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^b	Unemployment Rate ^d
2001	49,603	2,156,242,410	43,470	3.8%
2002	49,855	2,177,865,820	43,684	4.2%
2003	50,130	2,148,020,370	42,849	5.4%
2004	50,130	2,176,995,510	43,427	3.9%
2005	39,780	1,750,518,900	44,005	3.3%
2006	-	-	-	0.0%
2007	50,185	2,434,273,610	48,506	4.3%
2008	51,353	2,565,656,477	49,961	3.5%
2009	51,297	2,639,744,410	51,460	9.2%
2010 [*]	-	-	-	-

*2010 Data not available at time of CAFR report preparation.

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income based on 3% increment

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

Howell Township Board of Education
Principal Employers,
Current Year and Ten Years Ago

Exhibit J-15
GASB E-2
NEW

Employer	2010			2001		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Howell Township Board of Education	988	1	0.00%	-		0.00%
Wal-Mart	297	2	0.00%	-		0.00%
Township of Howell	260	3	0.00%	-		0.00%
Home Depot	153	4	0.00%	-		0.00%
Lowes	150	5	0.00%	-		0.00%
Pathmark	145	6	0.00%	-		0.00%
K-Mart	65	7	0.00%	-		0.00%
N/A	N/A	8	0.00%	-		0.00%
N/A	N/A	9	0.00%	-		0.00%
N/A	N/A	10	0.00%	-		0.00%
	-			-		
	-			-		
	-			-		
	2,058		0.00%	-		0.00%

Source:

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment.

Howell Township Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years (Unaudited)

Exhibit J-16
 GASB F-1
 New

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	404	414	423	435	432	432	431	429	390	376
Special education	214	223	245	280	289	289	287	285	288	282
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	68	76	87	95	101	101	99	98	84	83
General administrative services	11	12	14	17	17	17	17	16	15	15
School administrative services	64	64	64	65	65	66	63	63	56	50
Business administrative services	15	15	16	16	16	16	15	15	15	14
Plant operations and maintenance	130	131	138	182	178	178	165	161	100	104
Pupil transportation	77	76	75	75	75	75	74	72	64	64
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	983	1,011	1,062	1,165	1,173	1,174	1,151	1,139	1,012	988

Source: District Personnel Records

Howell Township Board of Education
 Operating Statistics
 Last Ten Fiscal Years (Unaudited)

Exhibit J-17
 GASB F-6
 NJ J-12, 14

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio	Average Daily Enrollment (ADE) ^b	Average Daily Attendance (ADA) ^b	% Change in Average Daily Enrollment	Student Attendance Percentage
1999	7,173	56,981,935	7,944	#REF!	N/A	N/A	7,119	6,757	0.00%	95.3%
2000	7,260	64,023,807	8,819	11.01%	494	1:14	7,222	6,863	1.45%	94.9%
2001	7,427	67,641,582	9,108	3.28%	505	1:14	7,398	7,024	2.44%	95.0%
2002	7,379	72,419,701	9,814	7.76%	517	1:14	7,341	6,986	-0.77%	94.9%
2003	7,424	77,062,946	10,380	5.77%	527	1:14	7,442	7,065	1.38%	94.9%
2004	7,416	85,946,907	11,589	11.65%	537	1:13	7,356	7,001	-1.16%	95.2%
2005	7,334	88,296,336	12,039	3.88%	568	1:13	7,279	6,932	-1.05%	95.2%
2006	7,259	91,477,472	12,602	4.67%	568	1:13	7,269	6,938	-0.14%	95.4%
2007	7,289	98,418,097	13,502	7.14%	543	1:13	7,283	6,944	0.19%	95.3%
2008	7,126	104,244,723	14,629	8.34%	542	1:13	7,069	6,745	-2.94%	95.4%
2009	6,896	101,461,446	14,713	0.58%	540	1:13	6,903	6,575	-2.35%	95.2%
2010	6,715	104,157,454	15,511	5.42%		2:13			-100.00%	#DIV/0!

Sources: District records, ASSA and Schedules J-12, J-1

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay and projects; B2

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

Exhibit J-18
GASB F-4
New

Howell Township Board of Education
School Building Information
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
Adephia Elementary School	-	-	-	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Square Feet	-	-	-	537	537	537	537	537	537	537
Capacity (students)	-	-	-	482	482	482	476	456	426	391
Enrollment	-	-	-	-	-	-	-	-	-	-
Aldrich Elementary School (1968)	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400
Square Feet	434	434	434	434	434	434	434	434	434	434
Capacity (students)	-	-	-	-	-	388	397	392	389	562
Enrollment *	-	-	-	-	-	-	-	-	-	-
Ardena Elementary School (1938)	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600
Square Feet	700	700	700	700	700	700	700	700	700	700
Capacity (students)	417	417	417	417	417	347	340	336	324	437
Enrollment	-	-	-	-	-	-	-	-	-	-
Greenville Elementary School	-	-	-	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Square Feet	-	-	-	530	530	530	530	530	530	530
Capacity (students)	-	-	-	583	583	555	570	583	560	512
Enrollment	-	-	-	-	-	-	-	-	-	-
Gnebling Elementary School (1960)	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Square Feet	550	550	550	550	550	493	505	563	550	517
Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Land O'Pines Elementary School (1960)	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983
Square Feet	550	550	550	550	550	550	550	550	550	550
Capacity (students)	550	550	550	550	550	573	561	553	541	513
Enrollment	-	-	-	-	-	-	-	-	-	-
Newbury Elementary School (1964)	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850
Square Feet	477	477	477	477	477	477	477	477	477	477
Capacity (students)	-	-	-	-	-	468	459	426	369	405
Enrollment	-	-	-	-	-	-	-	-	-	-
Ramtown Elementary School (1964)	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899
Square Feet	705	705	705	705	705	705	705	705	705	705
Capacity (students)	-	-	-	-	-	581	557	542	513	484
Enrollment	-	-	-	-	-	-	-	-	-	-
Southard Elementary School (1954)	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940
Square Feet	392	392	392	392	392	392	392	392	392	392
Capacity (students)	-	-	-	-	-	364	352	329	325	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Taunton Elementary School (1968)	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Square Feet	392	392	392	392	392	392	392	392	392	392
Capacity (students)	-	-	-	-	-	477	452	450	429	497
Enrollment	-	-	-	-	-	-	-	-	-	-
Middle School										
Howell Middle School North (1994)	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000
Square Feet	900	900	900	900	900	900	900	900	900	900
Capacity (students)	-	-	-	-	-	956	967	902	859	849
Enrollment	-	-	-	-	-	-	-	-	-	-
Howell Middle School South	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000
Square Feet	980	980	980	980	980	980	980	980	980	980
Capacity (students)	-	-	-	-	-	1,037	1,071	1,012	1,034	878
Enrollment	-	-	-	-	-	-	-	-	-	-
Memorial Middle School	-	-	-	-	120,000	120,000	120,000	120,000	120,000	120,000
Square Feet	-	-	-	-	577	577	577	577	577	577
Capacity (students)	-	-	-	-	569	600	556	556	559	653
Enrollment	-	-	-	-	-	-	-	-	-	-
Other:										
Administration Building	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Square Feet	-	-	-	-	-	-	-	-	-	-
Transportation	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
Square Feet	-	-	-	-	-	-	-	-	-	-
Maintenance Offices	900	900	900	900	900	900	900	900	900	900
Square Feet	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2010
Elementary = 9
Middle School = 3

Source: District records, ASSA

HOWELL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST FIVE FISCAL YEARS
UNAUDITED

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

School Facilities	Project # (s)	2010	2009	2008	2007	2006	2005	2004
Adelphia School	N/A	\$ 99,133	\$ 106,810	\$ 109,139	\$ 34,326	\$ 61,031	\$ 67,842	\$ 15,722
Aldrich School		\$ 89,348	\$ 96,267	\$ 98,366	\$ 34,326	\$ 170,074	\$ 60,450	\$ 48,044
Ardena School		\$ 87,102	\$ 93,847	\$ 95,894	\$ 18,906	\$ 151,795	\$ 76,882	\$ 53,459
Greenville School		\$ 99,133	\$ 106,810	\$ 109,139	\$ 19,106	\$ 68,179	\$ 64,966	\$ 15,859
Griehling School		\$ 113,249	\$ 122,019	\$ 124,680	\$ 18,906	\$ 344,693	\$ 96,746	\$ 53,303
Land O'Pines School		\$ 118,061	\$ 127,204	\$ 129,978	\$ 18,906	\$ 327,794	\$ 70,808	\$ 94,143
Newbury School	N/A	\$ 101,379	\$ 109,229	\$ 111,612	\$ 18,906	\$ 74,954	\$ 84,382	\$ 42,540
Ramtown School	N/A	\$ 126,884	\$ 136,710	\$ 139,691	\$ 18,906	\$ 256,688	\$ 409,835	\$ 57,830
Southard School	N/A	\$ 93,839	\$ 101,106	\$ 103,311	\$ 18,906	\$ 278,294	\$ 199,904	\$ 69,922
Taunton School	N/A	\$ 113,249	\$ 122,019	\$ 124,680	\$ 18,906	\$ 127,179	\$ 197,556	\$ 56,186
Howell Middle School North	N/A	\$ 204,522	\$ 220,360	\$ 225,166	\$ 44,341	\$ 78,107	\$ 188,199	\$ 208,667
Howell Middle School South	N/A	\$ 205,805	\$ 221,742	\$ 226,578	\$ 52,659	\$ 75,816	\$ 79,299	\$ 98,203
Howell Memorial Middle School	N/A	\$ 152,389	\$ 164,190	\$ 167,770	\$ 44,656	\$ 19,952	\$ 80,215	\$ -
Total School Facilities		1,604,092	1,728,312	1,766,005	361,756	2,034,556	1,677,084	813,878
Other Facilities		-	-	-	-	-	-	-
Grand Total		\$ 1,604,092	\$ 1,728,312	\$ 1,766,005	\$ 361,756	\$ 2,034,556	\$ 1,677,084	\$ 813,878

Source: Actual Expenditures and Encumbrances at end of year for Total Times the school sf %.

HOWELL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Utica National	Property Blanket Building & Contents- Replacement Cost Values	\$ 193,810,075	\$ 1,000
Utica National	Umbrella Excess Liability		
	-Each Occurrence	\$ 20,000,000	\$ -
	Aggregate Limit of Liability	\$ 20,000,000	
	General Liability Each Occurrence	\$ 1,000,000	\$ -
	Aggregate Limit of Liability	\$ 3,000,000	
Utica National	Automotive Coverage		
	-Combined Single Limit	\$ 1,000,000	\$ -
	-Hired/Non-Owned	\$ 1,000,000	\$ -
	-Uninsured & Underinsured	\$ 1,000,000	\$ -
Chubb Insurance Group	Inland Marine		
	-Electronic Data Processing Equipment	\$ 4,000,000	\$ 1,000
	-Additional Valuable Papers	\$ 100,000	\$ 1,000
Utica National	Crime Coverage		
	-Blanket Employee coverage	\$ 250,000	\$ 250
	-Money & Securities On Premises	\$ 3,000	\$ 250
	Money & Securities Off Premises	\$ 3,000	\$ 250
	Forgery or Alteration	\$ 100,000	\$ -
Utica National	Boiler & Machinery Coverage	Included	-

Source: District Records

HOWELL TOWNSHIP SCHOOL DISTRICT
 INSURANCE SCHEDULE (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 UNAUDITED

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Utica National	Board of Education -Educators Legal Liability		
	Each Loss	\$ 1,000,000	\$ 5,000
	Aggregate	\$ 2,000,000	\$ -
Utica National	Fidelity Bonds		
	-Treasurer of School Monies	\$ 500,000	
	-Business Administrator/Board Secretary	\$ 50,000	
Brown & Brown	Workers' Compensation		
	-Professional - 60,281,927		
	-Non-Professional - 7,448,418		

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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REPORT ON COMPLIANCE AND 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*

K-1

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell Township, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 18, 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 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 Howell Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Howell Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Howell Township Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Howell Township Board of Education's general-purpose 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 general-purpose 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.

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

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 18, 2010

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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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

K-2

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell Township, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Howell Township School District, in the County of Monmouth, 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 Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Howell Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Howell Township Board of Education's management. Our responsibility is to express an opinion on the Howell Township Board of Education's compliance based on our audit.

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

In our opinion, the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Board of Education of the Howell Township 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 Howell Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Howell Township Board of Education's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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. Howell Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Howell Township Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Howell Township Board of Education, 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.

Robert A. Hulsart
 Licensed Public School Accountant
 No. 322
 Robert A. Hulsart and Company

October 18, 2010

SCHEDULES OF FEDERAL AND STATE AWARDS

HOWELL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period	Balance June 30, 2009	(Walkover) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2010		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education												
Passed-through Department of Education												
Special Revenue Fund												
Title I	84 010	\$ 296,118	9-1-08 to 8-31-09	\$ (95,555)		122,327	(26,772)					
Title I	84 010	264,632	9-1-09 to 8-31-10			125,525	(254,236)			(128,711)		
Title I/A	84 367A	191,766	9-1-08 to 8-31-09	(58,223)		75,022	(16,799)					
Title I/A	84 367A	188,987	9-1-09 to 8-31-10			93,341	(178,698)			(85,357)		
Title III	84 318	2,452	9-1-08 to 8-31-09	36		952	(988)					
Title III	84 318	2,633	9-1-09 to 8-31-10			983	(1,237)			(254)		
Title III	84 365	18,314	9-1-08 to 8-31-09	(7,579)		13,329	(5,750)					
Title III	84 365	22,491	9-1-09 to 8-31-10			1,607	(16,856)			(15,249)		
Title IV	84 186	14,987	9-1-08 to 8-31-09	(4,361)		6,650	(2,289)					
Title IV	84 186	13,532	9-1-09 to 8-31-10			5,450	(11,743)			(6,293)		
Title V	84 298A	9,176	9-1-07 to 8-31-08		226						226	
ARRA IDEA Basic	84 391	1,591,021	9-1-09 to 8-31-10			898,800	(1,200,296)			(301,496)		
ARRA IDEA Preschool	84 392	57,516	9-1-09 to 8-31-10			85	(458)			(373)		
IDEA Basic	84 027	1,624,289	9-1-08 to 8-31-09	(139,290)		839,272	(794,906)			(94,918)		
IDEA Basic	84 027	1,600,785	9-1-09 to 8-31-10			44,128	(724,597)			(724,597)		
IDEA Preschool	84 173	84,127	9-1-08 to 8-31-09	12,059			(81,487)			(25,300)		
IDEA Preschool	84 173	83,851	9-1-09 to 8-31-10			2,227,471	(3,317,106)			(1,382,548)		226
Total Special Revenue Fund				(292,913)	226							
U.S. Department of Education												
General Fund												
Medical Assistance Program	93 778	102,047	7-1-09 to 6-30-10			102,047	(102,047)					
ARRA-SFSF-ESF	84 394	4,813,894	7-1-09 to 6-30-10			4,813,894	(4,813,894)					
ARRA-SFSF-GSF	84 397	186,353	7-1-09 to 6-30-10			186,353	(186,353)					
Total General Fund						5,102,294	(5,102,294)					
U.S. Department of Agriculture -												
Passed Through State Department												
of Education												
Food Distribution Program	10 550	72,409	7-1-09 to 6-30-10			72,409	(72,409)					
National School Lunch Program	10 555	327,434	7-1-08 to 6-30-09	(69,814)		69,814						
National School Lunch Program	10 555	376,087	7-1-09 to 6-30-10			337,000	(376,087)			(39,087)		
Special Milk Program	10 556	4,290	7-1-08 to 6-30-09	(852)		852						
Special Milk Program	10 556	4,021	7-1-09 to 6-30-10			3,671	(4,021)			(350)		
Total Enterprise Fund				(70,666)		483,746	(452,517)			(39,437)		
Total Federal Financial Awards				(363,579)	226	7,813,511	(8,871,917)			(1,421,985)		226

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

HOWELL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program State Department of Education General Fund	Project or State Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2009		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Repayment) of Prior Years Balances	Balance at June 30, 2010 (Accounts Receivable)	Deferred Revenue	Due to Grantor	MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor								Budgetary Receivable	Total Cumulative Expenditures
Equization Aid	10-495-034-5120-078	\$ 22,557,513	7-1-09	6-30-10			22,557,513	(22,557,513)					(2,733,119)	22,557,513
Security Aid	10-495-034-5120-084	404,422	7-1-09	6-30-10			404,422	(404,422)					(49,983)	404,422
Transportation Aid	10-495-034-5120-014	1,892,988	7-1-09	6-30-10			1,892,988	(1,892,988)					(229,517)	1,892,988
Special Education Aid	10-495-034-5120-089	3,672,741	7-1-09	6-30-10			3,672,741	(3,672,741)					(444,862)	3,672,741
Extraordinary Aid	10-495-034-5120-044	564,802	7-1-09	6-30-10				(564,802)		(564,802)				564,802
Extraordinary Aid	09-495-034-5120-044	481,349	7-1-08	6-30-09			481,349		(481,349)					
Non-Public Transportation	09-495-034-5120-014	38,135	7-1-08	6-30-09			38,135		(38,135)					25,037
Non-Public Transportation	10-495-034-5120-014	25,037	7-1-09	6-30-10				(25,037)		(25,037)				
On Behalf TPAF Pension Contr														
Non-Budgeted	10-100-034-5095-006	3,137,899	7-1-09	6-30-10			3,137,899	(3,137,899)						3,137,899
Reimbursed TPAF Social Security	10-100-034-5095-002	3,599,903	7-1-09	6-30-10			3,599,903	(3,599,903)					(3,456,581)	3,599,903
Total General Fund					(519,484)	-	35,784,950	(35,855,305)		(589,839)				35,855,305
Special Revenue Fund														
Textbook Aid	09-100-034-5120-064	41,691	7-1-08	6-30-09		3,415			(3,415)					32,990
Textbook Aid	10-100-034-5120-064	36,586	7-1-09	6-30-10			36,586	(32,990)						
Auxiliary Services														
Compensatory Education	09-100-034-5120-067	67,684	7-1-08	6-30-09					(15,927)					68,139
Compensatory Education	09-100-034-5120-067	69,099	7-1-09	6-30-10		15,927	69,099	(68,139)						
English as a Second Language	10-100-034-5120-067	5,075	7-1-08	6-30-09					(4,060)					1,957
English as a Second Language	10-100-034-5120-067	1,957	7-1-09	6-30-10		4,060	1,957	(1,957)						20,683
Transportation	10-100-034-5120-068	20,683	7-1-09	6-30-10			20,683	(20,683)						
Home Instruction	09-100-034-5120-067	152	7-1-08	6-30-09			152		(152)					
Handicapped Services														
Supplementary Instruction	09-100-034-5120-066	26,432	7-1-08	6-30-09					(8,260)					18,318
Supplementary Instruction	10-100-034-5120-066	19,194	7-1-09	6-30-10		8,260	19,194	(18,318)						
Examination and Classification	09-100-034-5120-066	53,271	7-1-08	6-30-09					(20,272)					35,653
Examination and Classification	10-100-034-5120-066	50,273	7-1-09	6-30-10		20,272	50,273	(35,653)						
Corrective Speech	09-100-034-5120-066	54,870	7-1-08	6-30-09					(26,970)					29,591
Corrective Speech	10-100-034-5120-066	38,559	7-1-09	6-30-10		26,970	38,559	(29,591)						
Nursing Services	09-100-034-5120-070	49,100	7-1-08	6-30-09					(289)					42,587
Nursing Services	10-100-034-5120-070	43,387	7-1-09	6-30-10		289	43,387	(42,587)						
Technology Aid	09-100-034-5120-373	25,440	7-1-08	6-30-09					(1,943)					240,918
Total Special Revenue Fund					(152)	81,136	279,890	(240,918)			(29,820)			
Debt Service Aid Type II	10-495-034-5120-017	1,601,920	7-1-09	6-30-10			1,601,920	(1,601,920)						1,601,920
Enterprise Fund														
National School Lunch Program	09-100-010-3350-023	25,868	7-1-08	6-30-09					(5,430)					26,324
National School Lunch Program	10-100-010-3350-023	26,324	7-1-09	6-30-10			26,324	(26,324)		(2,726)				
Total Enterprise Fund					(5,430)	-	29,028	(26,324)		(2,726)				26,324
Total State Financial Assistance					(525,066)	81,136	37,695,788	(37,733,467)		(592,565)		(29,820)	(3,456,581)	37,733,467

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance

BOARD OF EDUCATION

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HOWELL TOWNSHIP SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2010****NOTE 1: General**

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

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$94,857) for the general fund and (\$273,320) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,102,294	35,855,305	40,957,599
Special Revenue Fund	3,317,106	249,918	3,567,024
Debt Service Fund		1,601,920	1,601,920
Food Service Fund	<u>452,517</u>	<u>26,324</u>	<u>478,841</u>
Total Financial Assistance	<u>\$ 8,871,917</u>	<u>37,733,467</u>	<u>46,605,384</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

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. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unqualified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?

_____ Yes x No

(C) Noncompliance material to general purpose financial statements noted?

_____ Yes x No

Federal Awards Section

(D) Dollar threshold used to determine Typed A programs:

 \$300,000

(E) Auditee qualified as low-risk auditee?

 x Yes _____ No

(F) Type of auditor's report on compliance for major programs:

 Unqualified

(G) Internal control over compliance:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable condition(s) identified that were not considered to material weaknesses?

_____ Yes x No

(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?

_____ Yes x No

(I) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

 84.027

 I.D.E.A. Part B

 84.391

 I.D.E.A Part B-ARRA

 84.394

 ARRA-SFSF-ESF

 10.555

 National School Lunch Program

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

State Awards Section

(J) Dollar threshold used to determine Type A programs: \$300,000

(K) Auditee qualified as low-risk auditee? x Yes No

(L) Type of auditor's report on compliance for major programs: Unqualified

(M) Internal control over compliance:

(1) Material Weakness(es) identified? Yes x No

(2) Were reportable condition(s) identified that were not considered to material weaknesses? Yes x No

(N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

(O) Identification of major programs:

GMIS Number(s)

Name of State Program

10-495-034-5120-014
10-495-034-5120-089
10-495-034-5120-078
10-495-034-5095-002
10-495-034-5120-084
10-495-034-5120-044
10-495-034-5120-017

Transportation Aid
Special Education Aid
Equalization Aid
Reimbursed Social Security
Security Aid
Extraordinary Aid
Debt Service Aid Type II

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 - Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

HOWELL TOWNSHIP SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: N/A

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Prior Audit Findings:

None