SOUTH HUNTERDON REGIONAL HIGH SCHOOL

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTH HUNTERDON REGIONAL HIGH SCHOOL

BOARD OF EDUCATION

WEST AMWELL, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

SOUTH HUNTERDON REGIONAL HIGH SCHOOL

BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION

South Hunterdon Regional High School

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Nancy H. Gartenberg, *Superintendent*
Kerry Sevilis, *Business Administrator/Board Secretary*
Mark Collins, *Interim Principal*
Mary Robinson Cohen, *Assistant Principal/Supervisor of Curriculum and Instruction*

November 15, 2010

Honorable President and Members
Of the Board of Education
South Hunterdon Regional High School
County of Hunterdon, New Jersey

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principals generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the South Hunterdon Regional High School for the fiscal year ended June 30, 2010.

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A) and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

The comprehensive annual financial report is presented in four sections:

A. The Introductory Section: Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the district's organizational charts, certificate of excellence in financial reporting and a map of the district.

B. The Financial Section: Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements and combining individual fund statements and schedules.

C. The Statistical Section: Contains selected financial and demographic information, generally presented on a multi-year basis.

D. The Single Audit: Includes the auditor's report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

The District is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit in conformity with the provisions of the 1996 Single Audit Act and the US. Office of Management and Budget Circular A-133. "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMC's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

DESCRIPTION OF THE DISTRICT

South Hunterdon Regional High School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the district are included in this report. The South Hunterdon Regional High School and its 7-12 comprehensive middle and high schools constitute the District's reporting entity.

The school is located in the Township of West Amwell, the existing school building was built in 1959 with renovations and additions in 2009. The State of New Jersey requires submission of enrollment data as of October 15 of each year. The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular, as well as education for special needs students. The District completed the 2009-10 fiscal year with an enrollment of 331, ending with ten students less than the previous year. The following details the changes in the student enrollment of the District over the last ten years.

AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2009-10	331	(3.0%)
2008-09	341	(2.6%)
2007-08	350	1.5%
2006-07	345	2.6%
2005-06	336	(4.0%)
2004-05	352	7.0%
2003-04	329	(3.0%)
2002-03	339	(4.5%)
2001-02	355	(4.6%)
2000-01	372	(9.1%)

Economic Condition and Outlook

The economic condition for the year ending 2009-10 continued to have high special education expenditures totaling $1,884,676, however these expenditures have been reduced as compared with 2008-09 expenditures of $2,154,822 The projected outlook for the 2010-11 school year is to continue reducing expenditures. We finished the year with excess surplus in the amount of $34,897, to be used to offset taxes for the property owners of Lambertville, Stockton and West Amwell during 2011-12. This money was the result of careful spending during the school year and saving on some of the line items budgeted. The 2009-10 budget was defeated in March and the municipal council's of the City of Lambertville, West Amwell Township and Stockton Borough, proposed cuts in the amount of $228,000, showing an overall decrease in expenditures in the operating budget of $373,037.

The district returned $55,000 from unreserved fund balance in 2009-100 due to rigid controls on spending and the mandatory S1701 law enacted in 2004 limiting unreserved fund balance to two percent.

The district received six regular tuition students and two special needs students for the 2009-10 school year.

The district continued to contract with Maschio's Food Services, Inc. to provide lunches to our students for the 2009-10 school year with a clause to break even for the year.

The maintenance contracts on various equipment throughout the building experienced a normal inflationary increase and the insurance package decreased by $2,432 which represents a 2% decrease over the 2008-2009 fiscal year.

There have been several improvements to the athletic fields and grounds during the 2009-10 school year. The Renovation/Construction project continues the final stages of close-out. The

woodshop was upgraded to include a classroom setting, equipped with new desks and computer stations and dust collection system will be upgraded in 2010-2011.

Major Initiatives

There are a number of initiatives of note which are a source of pride for our school and we hope, for our community. These include:

1. Facilities

On September 27, 2005, the communities of Lambertville, Stockton and West Amwell joined together to successfully pass a referendum for a comprehensive building project at South Hunterdon Regional High School. The total cost of the project is $20.8 million with portions coming from debt service aid. The proposed project was designed to address almost all the facility needs outlined in the Five Year Long Range Facility Plan. The project includes the following:

Infrastructure upgrades to bring the facility up to code and improve building efficiencies:

HVAC
Electrical & plumbing systems
New windows, ceilings, lighting, doors
Handicapped accessibility
Refinishing the high school gym floor
New bleachers
Window roller shades

Renovations of existing space to improve curricular and extra-curricular program offerings to students:

Improvements to existing high school classrooms to accommodate integrated teaching programs
Improvements to the high school cafeteria/common area
Upgrades to the high school science labs
Relocation of the Guidance/Career Center
Upgrades to the high school Music and World Language rooms
Boys & Girls locker room Improvements

New Construction which provides a greater separation of the middle school and high school students and programs, while providing shareable resources such as a new media center/library:

New Library/Media Center
Additional classrooms in the middle school wing for science, music, art,

computer, and small group rooms
Middle school gymnasium
Middle school commons area
Auditorium

2. Administrative Reorganization

In the past two years, South has undergone a significant administrative shift. Fortunately we have a bit more stability going into this next school year. The superintendent is beginning her forth year, the business administrator is in her third and the building principal and assistant principal are both in their second year. The position of athletic director was removed from the administrative line to reduce administrative costs. The athletic director carries an instructional course load along with his athletic duties. In the area of support services, the Child Study Team coordinator is an interim in her second and last year of state eligibility. This position is crucial as we maintain the child study team services for our three constituent districts. Support staff job responsibilities were reorganized due to the additional facilities brought about during the significant renovations of the 2007-2008 school years. Most outdated job descriptions were updated to reflect the current administrative structure.

3. Strategic Planning

The community-based strategic plan culminates in 2010, however the Board has decided to participate in the Middle States Accreditation process entitled Accreditation for Growth. This is an even more rigorous, focused and useful process as a third party of educational professionals will help our staff design two goals to strive to achieve; one academic with strong measurables and one in the area of communication. This important planning document, similar to the strategic planning process will is used to significantly drive the areas of Curriculum, Facilities and Environment, Staff, Student and Partnerships. The plan provides the backbone of our school reform efforts as we continue to move forward with our plan to prepare our students for academic success and strengthening the district's partnerships with parents and community.

4. Student Achievement

Student Achievement continues to be a high priority at South Hunterdon. This year again, were named ***Top Ten Most Improved Schools in New Jersey*** by New Jersey Monthly. Our ranks increased from 120 in 2007 to 58 in 2008 to 73 in 2010.. This is attributed to our small class size, improved SAT scores and numbers of students successfully passing the Advanced Placement test.

We have demonstrated an increase in the success rates throughout the various disaggregated groups, except for special education. This year, all students in grades 7 -11 made gains on an in-house diagnostic assessment which required the students to increase their score on a persuasive writing prompt which was administered in the fall and spring of the 07-08 school year. Both administrations were double –scored by two independent

readers.

In addition to the writing prompt, we continue to administer diagnostic tests in grains nine and ten, as well as, complete the New Jersey State standardized tests in seventh, eighth and eleventh grades in an effort to identify strength in curriculum and student in need of remediation.

The district continues toward its goal of moving all students forward across the disaggregated groups. It is our hope that all of our students are making gains as measured by our New Jersey benchmark assessments. All students in South Hunterdon meet the NCLB status of annual yearly progress.

Teachers continue to engage in professional development related to online courses. They are encouraged to dialog with their counterparts in other New Jersey and national high schools.

The district is also investigating other summer courses aimed at providing students with a "sneak peek" at courses that may be a reach for then.

5. Academic Partnerships

Teachers from six school districts throughout Hunterdon County forged a partnership to enable us all to purchase an online/web-based curriculum mapping program based upon the New Jersey Standards. Learning focused is a program which allows all six districts to access the Power Curriculum a Learning Focused web based program for purposes of local personalization and cross-district articulation. South Hunterdon, Lambertville, Stockton, West Amwell, Milford and Frenchtown have set aside professional development time aimed at making all curriculums K-12, by department area available to all constituent districts.

Our middle science school department participated in the Performance Assessment Alliance to design open-ended prompts in their science classes. The teachers were trained to administer the non-fiction prompts and were in serviced on how to score them. The students in our middle school showed significant gains.

6. South Professional Learning Communities

Beginning in the spring of 2007, teachers form South Hunterdon, Lambertville, Stockton, West Amwell, Milford and Frenchtown had the opportunity to participate in the first-round of curriculum training using the Power Curriculum, a Learning Focused web based program. The mathematics and science teachers for the six school districts worked with the professional development expert from the company to utilize the backwards design model for designing essential questions to form units and a course sequence. This program allows the districts to insert the school calendar for purposes of pacing. All classes in the core content areas will be complete by the summer of 2009.

In the summer of 2008, approximately 70% of the faculty, staff and administration participated in a Kagan Cooperative Learning 2-Day summer institute. This was an amazing opportunity to review the curriculum alignment and incorporate Kagan instructional strategies into their teacher repertoire.

South Hunterdon teachers have participated in training in the areas of differentiated instruction, reading across the content areas and technology. In the fall of 2010, SHR partnered with its constituent districts to host its first South County District in-service. The area was technology and teachers elected to participate in the latest instructional technologies in accordance with the new 21st Century Learning Skills; Google docs, Google sites, problem-based learning, using video, blogs, and wikis. The day was a huge success and will be elevated for the spring inservice.

7. Middle States Accreditation Committee

The district has currently reconnected with the Middle States Accreditation Committee which was paused during our significant construction and renovation process. The process will resume with a survey of the staff, but will utilize all of the previously gleaned data. The district has met with the committee who wholeheartedly welcomes South Hunterdon back to the process. South has decided to participate in the new Middle States model called the Design for Excellence which requires a more rigorous and comprehensive approach to data collection. This process will resume in January of 2010 with a site visit in April 2011.

8. Communication with Public

Quarterly Newsletter

The district newsletter is published four times a year and is sent to all homes in West Amwell, Lambertville and Stockton. It communicates information about upcoming events, shares budget and financial information, informs the public about our academic and athletic. It is supported primarily through community advertisements.

Senior Citizen Dessert Theater

In March of every school year, local senior citizens from Lambertville, West Amwell and Stockton are invited to the dress rehearsal performance of our school musical. The seniors are bused to South about 45 minutes prior to the start of the performance and will have dessert, coffee and tea as a prelude to the wonderful show. Both the Delaware Valley Seniors and the West Amwell Wonders are excited about the event and so are we!

Parent Involvement Meeting

A new parent group will be formed with the combining of the Parent Teacher Student Organization with the Family-School Council. The parents will form to assist the school

by forming committees to increase student learning opportunities, increasing evening functions for our middle and high school students and to present relevant topics for our parent community.

Our PTSO has undergone an amazing transformation and is now a highly active and energetic support system. We have tremendous parental support and have seen an increase in our student dances, fundraisers and staff support.

The Lambertville Education Foundation continues to be a great support for the school. They sponsored major fund-raising events this year that helped fund initiatives such as the New Jersey Scholars program, Middle School Incentive Program, fully supported *Night at the Nest*, a school-wide spirit event that was our most successful student program at the high school level all year. In addition, they have been incredibly generous in sending two of our science teachers to Arizona to the National Science Olympiad conference in August 2008.

The LAEF has also outfitted our school with over $60,000 in technology equipment.

9. Technology

Over the last year SHRHS has encountered a number of technology acquisitions and infrastructure improvements. Firstly, as part of our building project we completely upgraded our network infrastructure, doubled our Internet connection bandwidth, and installed a Voice Over IP phone system, which is not only the latest technology, but also utilizes the same infrastructure as our data network, making more efficient use of that infrastructure and lowering phone bills.

In addition to those major back-end changes, we have rolled out 90 new PC's, 4 Macs, 20 ceiling mounted classroom projectors, 6 Interactive Whiteboards and 3 Interactive Pads this summer alone. All classroom computers have been upgraded to newer software versions and we continue to utilize online technologies such as United Streaming's video and lesson planning content, s, SIRS student database system and teacher grade books, and our own locally hosted teacher weblogs and website and email system.

South Hunterdon has also purchased a number of licenses which enable our students and staff to utilize Rosetta Stone which provides access to over 30 different foreign languages. Our students have the ability to learn a new language or receive support in Spanish or French. The plan for this service is to offer some training to our ELL communities in the elementary school as well as our high school.

We plan to continue to put more and more technology into the classrooms with a concentration on permanent installations for each classroom, alleviating the need to search for/borrow equipment between classrooms. This will enable teachers and students to concentrate on teaching/learning with the use of technology products rather than having to lose time setting them up trying to use them. Thus far our technology additions have been well received and utilized.

10. Awards

The Class of 2010 has posted strong college acceptances. A number of students garnered significant scholarships, grants, and financial packages at some of the country's top colleges, while others were admitted into prestigious college honors programs. Over all, the Class of 2010was awarded close to $800,000 in scholarships and grants from colleges, universities, community groups and private philanthropists.

Internal Accounting Controls

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. The establishment of GAAP has been able to give management a day to day actual account of all moneys being received and spent. The preparation of these monthly reports provides a clear picture of all activity generated from this district.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The last audit performed by the State found us to be in compliance.

Budgetary Controls

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. Budget costs have been contained while maintaining sound educational programs for the children.

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 a expropriation of fund balance in the subsequent year. Those amounts to be expropriated are reported as reservations of fund balance at June 30, 2010.

Accounting System and Reports

The District's accounting records reflect GAAP, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting systems of the District are organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

Financial Information at Fiscal Year End

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt fund revenues ended June 30, 2010, and the amount and percentage of increases in relation to prior year revenues.

SOUTH HUNTERDON REGIONAL
REVENUE AND EXPENDITURE ANALYSIS
YEAR ENDED
JUNE 30, 2010

REVENUES	Amount	Percent of Total	Increase (Decrease) from prior year	Percent of Increase (Decrease)
Local Source				
Tax Levy				
General	$7,736,111	75.94%	(62,380)	-0.80%
Debt Service	$891,358	8.75%	$680,164	322.06%
Other	$109,532	1.08%	$73,125	200.85%
Tuition	$146,215	1.44%	($10,519)	-6.71%
State Aid-Operating & Grants	$683,348	6.71%	($11,179)	-1.61%
State Aid - Debt Service	$418,940	4.11%	($486,249)	
Federal Aid	$201,729	1.98%	$19,103	10.46%
Total	**$10,187,233**	**100%**	$202,065	3.02%

The increase in taxes for debt service is to a reduction in state aid received in the prior year.

The following schedule presents a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the year ended June 30, 2010 and the percentage increase and decrease in relation to prior year expenditures.

EXPENDITURES	Amount	Percent of Total	Increase (Decrease) from prior year	Percent of Increase (Decrease)
Current Expense	$8,429,890	81.58%	($294,427)	-3.37%
Capital Outlay	$77,880	0.75%	$55,672	250.68%
Special Projects	$205,562	1.99%	$7,283	3.67%
Debt Service			$0	
Principal	$815,000	7.89%	$41,000	5.30%
Interest	$805,297	7.79%	($94,661)	-10.52%
Total	**$10,333,629**	**100.00%**	($285,133)	**-2.69%**

Debt Administration

The District's debt service payment for the 2009-10 school year was $1,620,297 as compared to the 2008-09 school year Debt Service of $1,673,958.

Cash Management

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

Risk Management

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

We continue to realize broader coverage for our money with the School Alliance Insurance Fund and have received many cost saving services through them. The rates for the new school year have increased by six percent.

Other Information

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

Acknowledgements

We would like to express our appreciation to the members of the South Hunterdon Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been

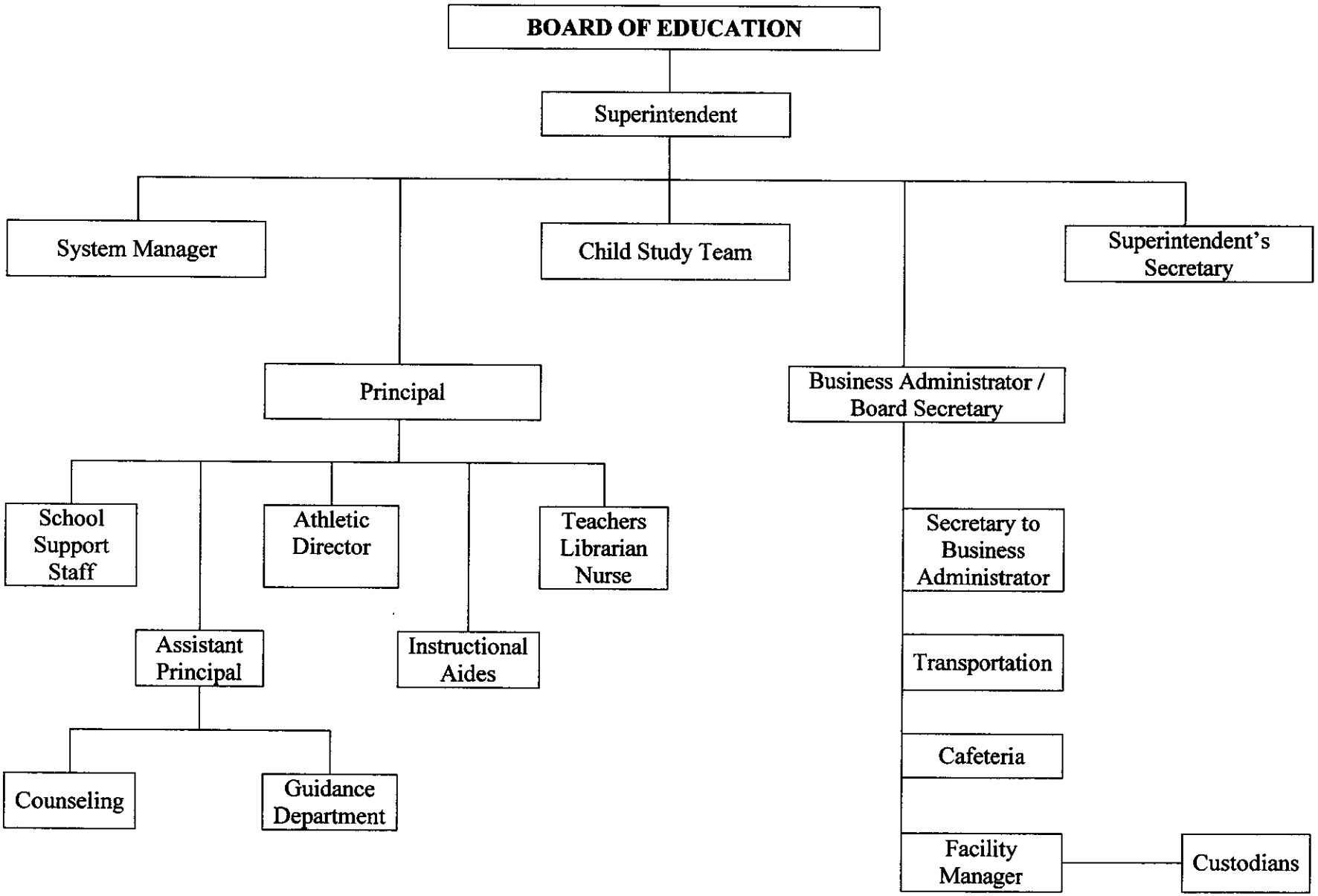
accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Nancy Gartenberg
Superintendent

Kerry Sevilis
Business Administrator/
Board Secretary

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
ORGANIZATIONAL CHART



SOUTH HUNTERDON REGIONAL HIGH SCHOOL
BOARD OF EDUCATION
WEST AMWELL, NJ 08530

ROSTER OF OFFICIALS
June 30, 2010

Members of the Board of Education	Term Expires
Robert Campbell, President	2012
Nicole Claus, Vice President	2011
Cheryl Carpenter	2011
Marie Collins	2013
Boyd Hartpence	2012
Celeste Mosby	2013
Dan Seiter	2011
Donald Vandegrift	2013
Laurie Weinstein	2012

Other Officials

Nancy Gartenberg, Superintendent

Kerry Sevilis, Business Administrator/Board Secretary

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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Morristown, NJ 07960

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FINANCIAL SECTION

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A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

November 15, 2010

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the South Hunterdon Regional High School District in the County of Hunterdon, 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 South Hunterdon Regional High Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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.

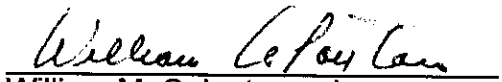
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the South Hunterdon Regional High School Board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

In accordance with Government Auditing Standards, we have also issued a report dated November 15, 2010 on our consideration of the South Hunterdon Regional High School Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an 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 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the South Hunterdon Regional High School 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 tables 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 tables 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 US 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" 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.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
BOARD OF EDUCATION

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

The discussion and analysis of South Hunterdon Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets increased by $476,545, which represents a 9.29 percent increase from 2009.

- General revenues accounted for $10,240,656 in revenue or 90.0 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for $1,136,074 or 10.0 percent to total revenues of $11,376,730.

- Total assets of governmental activities decreased by $345,400 as cash and cash equivalents increased by $471,934, receivables and other assets decreased by $600,402 and capital assets decreased by $216,932.

- The School District had $10,900,185 in expenses; only $1,136,074 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $10,240,656 were adequate to provide for these programs.

- Among major funds, the General Fund had $9,174,943 in revenues and $9,093,754 in expenditures. The General Fund's balance increased $81,189 over 2009.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

Reporting the School District as a Whole

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. 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) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1
Net Assets

Assets	6/30/2010	6/30/2009	Variance Dollars	Variance Percent
Current and Other Assets	$ 1,678,230	$ 1,801,140	$ (122,910)	-6.82%
Capital Assets	23,728,912	23,949,539	(220,627)	-0.92%
Total Assets	25,407,142	25,750,679	(343,537)	-1.33%
Liabilities				
Long Term Liabilities	18,877,106	19,989,480	(1,112,374	-5.56%
Other Liabilities	921,182	628,890	292,292	46.48%
Total Liabilities	19,798,288	20,618,370	(820,082)	-3.98%
New Assets				
Invested in Capital Assets, Net of Related Debt	4,962,558	4,122,567	839,991	20.38%
Restricted	487,517	1,002,172	(514,655)	-51.35%
Unrestricted	158,779	7,570	151,209	1997.48%
	$ 5,608,854	$ 5,132,309	$ 476,545	9.29%

Total assets decreased $343,537. Cash and cash equivalents increased by $675,454. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District increased by $151,209 due primarily to a reduction in expenses and an increase in miscellaneous revenues. Table 2 on the following page shows the change in net assets for fiscal year 2010 as compared to fiscal year 2009.

Table 2
Changes in Net Assets

	6/30/2010	6/30/2009	Variance Dollars	Variance Percent
Revenues				
Program Revenues:				
Charges for Services	$ 910,723	$ 900,235	$ 10,488	1.17%
Operating Grants and Contr.	225,351	216,227	9,124	4.22%
General Revenues:				
Property Taxes	8,627,469	8,009,685	617,784	7.71%
Unrestricted Grants	1,547,246	2,100,617	(553,371)	-26.34%
Other	106,727	57,504	49,223	85.60%
Arbitrage Rebate Reserve Adjustment	(40,786)	87,173	(127,959)	
Gain (Loss) on Disposal of Assets		18,850	(18,850)	
Total Revenues	11,376,730	11,390,291	(13,561)	-0.12%
Program Expenses				
Instruction:				
Regular	3,369,752	3,220,481	149,271	4.64%
Special	1,106,707	1,152,236	(45,529)	-3.95%
Other	486,835	583,545	(96,710)	-16.57%
Special Schools	0	13,348	(13,348)	-100.00%
Support Services:				
Tuition	649,282	824,788	(175,506)	-21.28$
Student and Instructional Staff	1,379,131	1,360,189	18,942	1.39%
Gen Admin, School Admin.	470,969	424,507	46,462	10.94%
School Administration	169,515	230,565	(61,050)	-26.48%
Oper/Maint. Of Facilities	953,709	875,995	77,714	8.87%
Transportation	736,239	767,785	(31,546)	-4.11%
Food Services	113,693	119,811	(6,118)	-5.11%
Other Business Type Services	675,303	623,285	52,018	8.35%
Interest on Long Term Debt	789,050	867,253	(78,203)	-9.02%
Total Expenses	10,900,185	11,063,788	(163,603)	-1.48%
Increase (Decrease) in Net Assets	$ 476,545	$ 326,503	$ 150,042	

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operation. Property taxes made up 80.69% of revenues for governmental activities for South Hunterdon Regional High School for fiscal year 2010.

Instruction comprises 45.5 percent of district expenses. Support services expenses make up 54.5 percent of the expenses.

The Statement of Activities shows the cost of program services and the changes for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Instruction	$ 4,963,294	$ 4,969,610	$ 4,740,651	$ 4,701,442
Support Services:				
Tuition	649,282	824,788	551,066	750,180
Students & Instruc. Staff	1,379,131	1,360,189	1,348,213	1,347,952
Gen & Bus Administration	470,969	424,507	470,969	424,507
School Administration	169,515	230,565	169,515	230,565
Plant Operations & Maint.	953,709	875,995	953,709	875,995
Pupil Transportation	736,239	767,785	736,239	767,785
Food Service	113,693	119,811	(3,846)	7,440
Other Business Type Srvs.	675,303	623,285	8,545	(25,793)
Interest on Long Term Debt	789,050	867,253	789,050	867,253
Total Expenses	$ 10,900,185	$ 11,063,788	$ 9,764,111	$ 9,947,326

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

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

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

Plant operation and maintenance of facilities activities involve keeping the school grounds, building and equipment in an effective working condition.

Curriculum and staff development includes 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 activities, as provided by state law.

The food service program is run by an outside food service company and represents lunches provided to students throughout the school year.

Other business type services include expenses related to various enterprise funds operated by the School District which are designed to provide opportunities for services with other school districts for cost savings.

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 90.0 percent. The community, as a whole, is the primary support for the South Hunterdon Regional High School.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $10,691,795 and expenses of $11,003,081. The net negative change in fund balance for the year was most significant in the Capital Projects Fund, a decrease of $309,863. The decrease in the Capital Projects Fund is due to the renovations of school facilities

General Fund Budgeting Highlights

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

During the course of the fiscal 2010 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting systems that are

designed to tightly control total program budgets but provide flexibility for program management.

Salary costs proved to be slightly higher than anticipated in the original budget due to not having a ratified contract with the South Hunterdon Education Association and salary guides in which to do proper budgeting as estimates had to be used.

For the General Fund, budget basis revenue and other financing sources was $96,624 above original budgeted estimates of $8,574,749. This difference was due primarily to a reduction in State Aid and excess miscellaneous income.

The General Fund revenues and other financing sources of the School District were above expenditures by $101,205.

Capital Assets

At the end of the fiscal year 2010, the School District had $23,728,912 invested in land, buildings, furniture, equipment and vehicles. Table 4 shows fiscal 2009 balances compared to 2010.

Table 4
Capital Assets (Net of Depreciation) at June 30, 2010

			Variance	
	6/30/2010	6/30/2009	Dollars	Percent
Land	$ 15,443	$ 15,443		
Improvements	0	548	(548)	-100.00%
Building and Improvements	22,851,943	23,018,913	(166,970)	-0.73%
Machinery and Equipment	538,548	587,668	(49,120)	-8.36%
Transportation Equipment	322,978	326,967	(3,989)	-1.22%
Totals	$ 23,729,912	$ 23,949,539	$ (220,627)	-0.92%

Overall capital assets decreased $220,627 from fiscal year 2009 to fiscal year 2010. Increases in capital assets (primarily building and improvements, machinery and equipment) were offset by depreciation expenses for the year.

Debt Administration

Table 5
Outstanding Bonded Debt at June 30, 2010

	6/30/2010	6/30/2009	Variance Dollars	Variance Percent
2006 School Bonds	$ 13,757,000	$ 14,352,000	$ (595,000)	-4.15%
2007 School Bonds	4,975,000	5,195,000	(220,000	-4.23%
Total	$ 18,732,000	$ 19,547,000	$ (815,000)	-4.17%

At June 30, 2010, the School District had $18,877,106 as outstanding debt. Of this amount $110,752 is for compensated absences, $18,732,000 for bonds and $34,354 for leases.

At June 30, 2010, the School district's overall legal debt margin was $50,731,052 and the unvoted debt margin was $31,999,052.

For the Future

The South Hunterdon Regional High School is in fair financial condition presently. A major concern is the continued loss of State Aid based on the State Formula for funding schools. The Cap on Free Balance and General Fund balances will be a concern for future budgets and maintaining the quality of education that South Hunterdon has always tried to achieve.

In conclusion, the South Hunterdon Regional High School Board of Education has committed itself to financial excellence for many years. The School District plans to continue its sound fiscal management to meet all future challenges.

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 need additional information, contact Kerry Sevilis, Business Administrator, South Hunterdon Regional High School, 301 Mt. Airy-Harbourton Road, Lambertville, NJ 08530.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Govern-mental Activities	Business-Type Activities	Total
Cash & Cash Equivalents	$ 733,857	$ 99,385	$ 833,242
Internal Balances	(6,144)	6,144	
Receivable from Governments	254,604	840	255,444
Other Receivables	7,800		7,800
Inventory		1,201	1,201
Bond Issuance Costs, Net	94,827		94,827
Restricted Assets:			
Cash	485,716		485,716
Capital Assets, Net (Note 4)	23,718,315	10,597	23,728,912
Total Assets	25,288,975	118,167	25,407,142
LIABILITIES			
Accounts Payable	316,180	12,404	328,584
Payable to Governments	2,138		2,138
Accrued Interest	290,301		290,301
Arbitrage Reserve	194,362		194,362
Deferred Revenue	105,080	717	105,797
Long-Term Liabilities (Note 5):			
Due Within One Year	874,354		874,354
Due Beyond One Year	17,892,000		17,892,000
Compensated Absences	110,752		110,752
Total Liabilities	19,785,167	13,121	19,798,288
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,951,961	10,597	4,962,558
Restricted For:			
Capital Projects	77,945		77,945
Capital Reserve	297,869		297,869
Debt Service	111,703		111,703
Unrestricted	64,330	94,449	158,779
TOTAL NET ASSETS	$ 5,503,808	$ 105,046	$ 5,608,854

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contribution	Program Revenues: Capital Grants & Contribution	Net (Expense) Revenue & Changes in Net Assets: Governmental Activities	Net (Expense) Revenue & Changes in Net Assets: Business-Types Activities	Net (Expense) Revenue & Changes in Net Assets: Total
Government Activities:								
Instruction:								
Regular	$ 2,394,594	$ 975,158	$ 43,350	$ 56,277		$ (3,270,125)		$ (3,270,125)
Special Education	734,662	349,494	102,865	7,970		(973,321)		(973,321)
Other Special Education	20,960	1,591		12,181		(10,370)		(10,370)
Other Instruction	390,022	96,813				(486,835)		(486,835)
Support Services:								
Tuition	649,282			98,216		(551,066)		(551,066)
Students & Instruction Related Services	1,111,995	267,136		30,918		(1,348,213)		(1,348,213)
General & Business Administration Services	367,312	103,657				(470,969)		(470,969)
School Administration Services	129,492	40,023				(169,515)		(169,515)
Plant Operations & Maintenance	815,132	138,577				(953,709)		(953,709)
Pupil Transportation	570,226	166,013				(736,239)		(736,239)
Interest on Long-Term Debt	789,050					(789,050)		(789,050)
Total Government Activities	7,972,727	2,138,462	146,215	205,562	$ -	(9,759,412)	$ -	(9,759,412)
Business-Type Activities:								
Food Service	113,693		97,750	19,789			3,846	3,846
Child Study Team Services	484,169		511,525				27,356	27,356
Transportation Services	191,134		155,233				(35,901)	(35,901)
Total Business-Type Activities	788,996	-	764,508	19,789	-	-	(4,699)	(4,699)
Total Primary Government	$ 8,761,723	$ 2,138,462	$ 910,723	$ 225,351	$ -	(9,759,412)	(4,699)	(9,764,111)
			General Revenues					
			Property Taxes Levied for General Purposes			7,736,111		7,736,111
			Property Taxes Levied for Debt Service			891,358		891,358
			Federal & State Aid not Restricted			1,186,918		1,186,918
			State Aid Restricted for Debt Service			418,940		418,940
			Investment Earnings			6,255	38	6,293
			Miscellaneous Revenues			100,436		100,436
			Arbitrage Rebate Reserve Increase			(40,788)		(40,788)
			Prior Year State Aid Adjustment			(58,612)		(58,612)
			Total General Revenues, & Special Items			10,240,618	38	10,240,656
			Change in Net Assets			481,206	(4,661)	476,545
			Net Assets-Beginning			5,022,602	109,707	5,132,309
			Net Assets-Ending			$ 5,503,808	$ 105,046	$ 5,608,854

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
ASSETS					
Cash & Cash Equivalents	$ 537,694		$ 196,163		$ 733,857
Due from Other Funds	34,287			$ 810	35,097
Receivables from Other Governments:					
State	78,785				78,785
Federal		$ 141,505			141,505
Other	34,314				34,314
Other Receivables	7,800				7,800
Restricted Cash & Equivalents	297,869		76,954	110,893	485,716
TOTAL ASSETS	$ 990,749	$ 141,505	$ 273,117	$ 111,703	$ 1,517,074
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 316,180				$ 316,180
Due to Other Governments-State		$ 2,138			2,138
Due to Other Funds	6,144	34,287	$ 810		41,241
Reserve for Arbitrage Rebate			194,362		194,362
Deferred Revenue		105,080			105,080
Total Liabilities	322,324	141,505	195,172	$ -	659,001

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Reserved For:					
Encumbrances	$ 57,776				$ 57,776
Capital Reserve Account	297,869				297,869
Excess Surplus-Designated for Subsequent Year Budget	34,897				34,897
Unreserved:					
Designated for Subsequent Year's Expenditures	47,000		$ 76,954	$ 100,000	223,954
Undesignated	230,883		991	11,703	243,577
Total Fund Balances	668,425	$ -	77,945	111,703	858,073
TOTAL LIABILITIES AND FUND BALANCES	$ 990,749	$ 141,505	$ 273,117	$ 111,703	

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:		
Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is	$ 28,238,644	
and the accumulated depreciation is	4,520,329	
		23,718,315
Long-term liabilities, Including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds		(18,877,106)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(290,301)
Bond Issuance costs are reported as expenditures in the governmental funds. The cost is	118,001	
and the accumulated amortization is	23,174	
		94,827
Total Net Assets of Governmental Activities		$ 5,503,808

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	$ 7,736,111			$ 891,358	$ 8,627,469
Tuition Charges-Other LEAs	102,865				102,865
Tuition Charges-Individuals	43,350				43,350
Interest on Investments	5,263		$ 992		6,255
Miscellaneous	100,436	$ 3,833			104,269
Total	7,988,025	3,833	992	891,358	8,884,208
State Sources	1,186,918			418,940	1,605,858
Federal Sources		201,729			201,729
Total Revenues	9,174,943	205,562	992	1,310,298	10,691,795
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,495,923	27,086			2,523,009
Special Education Instruction	726,692	7,970			734,662
Other Special Instruction	8,779	12,181			20,960
Other Instruction	390,022				390,022
Support Service & Undistributed Costs:					
Tuition	551,066	98,216			649,282
Student & Instruction Related Services	1,081,077	30,918			1,111,995
General & Business Administrative Services	367,312				367,312
School Administrative Services	129,492				129,492
Plant Operations & Maintenance	815,132				815,132
Pupil Transportation	687,429				687,429
Unallocated Benefits	1,680,755				1,680,755

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	$ 77,880	$ 29,191	$ 165,662		$ 272,733
Debt Services:					
Principal				$ 815,000	815,000
Interest & Other Charges				805,298	805,298
Total Expenditures	9,011,559	205,562	165,662	1,620,298	11,003,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	163,384	-	(164,670)	(310,000)	(311,286)
Other Financing Sources (Uses):					
Prior Year State Aid Adjustment	(58,612)				(58,612)
Arbitrage Rebate Reserve Increased			(40,788)		(40,788)
Operating Transfer In			3,785	108,190	111,975
Operating Transfer (Out)	(23,583)		(108,190)		(131,773)
Total Other Financing Sources (Uses)	(82,195)	-	(145,193)	108,190	(119,198)
Net Change in Fund Balance	81,189	-	(309,863)	(201,810)	(430,484)
Fund Balances, July 1	587,236	-	387,808	313,513	1,288,557
Fund Balances, June 30	$ 668,425	$ -	$ 77,945	$ 111,703	$ 858,073

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		$ (430,484)
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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	$ 272,733	
Depreciation Expenses	(489,665)	
		(216,932)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments	815,000	
Capital Lease Payments	245,618	
		1,060,618
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Issuance Costs		(6,161)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		22,409
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		51,756
Change in Net Assets of Governmental Activities		$ 481,206

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Food Services	Child Study Team Services	Transportation Service	Total
ASSETS				
Current Assets:				
Cash & Cash Equivalents	$ 11,449	$ 46,430	$ 41,506	$ 99,385
Receivables from Other Governments:				
State	59			59
Federal	781			781
Interfund Receivable	3,397	2,747		6,144
Inventory	1,201			1,201
Total Current Assets	16,887	49,177	41,506	107,570
Noncurrent Assets:				
Capital Assets	107,403			107,403
Less: Accumulated Depreciation	(96,806)			(96,806)
Total Noncurrent Assets	10,597	-	-	10,597
Total Assets	27,484	49,177	41,506	118,167
LIABILITIES				
Current Liabilities:				
Accounts Payable		12,404		12,404
Deferred Revenues	717			717
Total Current Liabilities	717	12,404	-	13,121
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	10,597			10,597
Unrestricted	16,170	36,773	41,506	94,449
TOTAL NET ASSETS	$ 26,767	$ 36,773	$ 41,506	$ 105,046

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Services	Child Study Team Services	Transportation Services	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	$ 38,618			$ 38,618
Daily Sales-Nonreimbursable Programs	59,132			59,132
Fee for Services		$ 511,525	$ 155,233	666,758
Total Operating Revenues	97,750	511,525	155,233	764,508
Operating Expenses:				
Costs of Sales	52,760			52,760
Salaries	33,361	390,962	112,174	536,497
Employee Benefits	4,654	61,165		65,819
Purchased Professional & Technical Services		6,555	1,600	8,155
Insurance	3,362		15,000	18,362
Management Fees	7,213			7,213
Other Purchased Services	1,860	5,460	600	7,920
General Supplies	4,249	20,027	22,669	46,945
Lease Payments			15,975	15,975
Repairs & Maintenance	2,343		23,116	25,459
Miscellaneous Other	196			196
Depreciation	3,695			3,695
Total Operating Expenses	113,693	484,169	191,134	788,996
Operating Income (Loss)	(15,943)	27,356	(35,901)	(24,488)
Nonoperating Revenues (Expenses):				
Interest Revenue	38			38
State Sources:				
State School Lunch Program	901			901
Federal Sources:				
National School Lunch Program	12,665			12,665
Food Distribution Program	6,223			6,223
Total Nonoperating Revenues (Expenses)	19,827	-	-	19,827
Change in Net Assets	3,884	27,356	(35,901)	(4,661)
Total Net Assets, Beginning	22,883	9,417	77,407	109,707
Total Net Assets, Ending	$ 26,767	$ 36,773	$ 41,506	$ 105,046

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Services	Child Study Team Service	Transportation Services	Total
Cash Flows from Operating Activities:				
Receipts from Customers	$ 97,750	$ 511,525	$ 155,233	$ 764,508
Payments to Employees		(390,962)	(112,174)	(503,136)
Payments for Employee Benefits		(61,165)		(61,165)
Payments to Food Services Management Co	(101,079)			(101,079)
Payments to Vendors	(2,393)	(24,803)	(78,960)	(106,156)
Net Cash Provided by (Used For) Operating Activities	(5,722)	34,595	(35,901)	(7,028)
Cash Flows from Noncapital Financing Activities:				
Interfund	(2,887)			(2,887)
State Sources	892			892
Federal Sources	12,505			12,505
Net Cash Provided by (Used For) Noncapital Financing Activities	10,510	-	-	10,510
Cash Flows from Investing Activities:				
Interest Earned on Investments	38	-	-	38
Net Increase (Decrease) in Cash and Cash Equivalents	4,826	34,595	(35,901)	3,520
Cash and Cash Equivalents, July 1, 2009	6,623	11,835	77,407	95,865
Cash and Cash Equivalents, June 30, 2010	$ 11,449	$ 46,430	$ 41,506	$ 99,385
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating Income (Loss)	$ (15,943)	$ 27,356	$ (35,901)	$ (24,488)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	3,695			3,695
Federal Food Distribution Program	5,508			5,508
(Increase) Decrease in Inventory	1,018			1,018
Increase (Decrease) in Accounts Payable		7,239		7,239
Net Cash Provided by (Used For) Operating Activities	$ (5,722)	$ 34,595	$ (35,901)	$ (7,028)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	Unemployment Compensation Fund	Student Activities Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	$ 37,037	$ 165,548	$ 13,413
TOTAL ASSETS	37,037	$ 165,548	$ 13,413
LIABILITIES			
Accounts Payable	1,559		
Due to Student Groups		$ 165,548	
Payroll Deductions & Withholdings			$ 13,413
TOTAL LIABILITIES	1,559	$ 165,548	$ 13,413
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	$ 35,478		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	$ 11,336
Board Contribution	19,798
Investment Earnings-Interest	59
Total Additions	31,193
DEDUCTIONS	
Unemployment Claims	43,540
Change in Net Assets	(12,347)
Net Assets, Beginning of the Year	47,825
Net Assets, End of the Year	$ 35,478

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL HIGH 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 South Hunterdon Regional High School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, 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 7-12. The District serves the communities of the City of Lambertville, Stockton Borough and West Amwell Township (the constituent districts). The District had an approximate enrollment at June 30, 2010 of 331 students.

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

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

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity as been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund, the Child Study Team Service Fund and the Transportation Service Fund.

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

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

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government's and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The 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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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

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

D. Budgets/Budgetary Control (Cont'd)

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

E. 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.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2009-2010 and 2008-2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	45
Building Improvements & Portable Classroom	20-50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicles	6 to 8
Buses	8

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

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

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2010 consists of the following:

Capital Reserve	$ 297,869
Debt Service Reserve	111,703
Capital Project Reserve	77,945
	$ 487,517

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first $1,500 of the delinquency and eighteen percent per annum on any amount in excess of $1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits at June 30, 2010 appear in the financial statements as summarized below:

Cash		$ 1,534,956
	Ref.	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	$ 1,219,573
Enterprise Fund, Statement of Net Assets	B-4	99,385
Fiduciary Funds, Statement of Net Assets	B-7	215,998
Total Cash		$ 1,534,956

Deposits – The District's carrying amount of bank deposits at June 30, 2010 is $1,534,956 and the bank balance is $1,967,894. Of the bank balance, $508,714 is covered by federal depositary insurance and $1,459,180 is insured by GUDPA.

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

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.

3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.

4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.

5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2010, the district's funds were invested with NJ ARM.

NOTE 4. CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 15,443	$ -0-	$ -0-	$ 15,443
Capital Assets, Being Depreciated:				
Land Improvements	57,300			57,300
Building & Improvements	25,665,628	165,662		25,831,290
Transportation Equipment	1,141,444	77,880		1,219,324
Furniture & Equipment	1,086,096	29,191		1,115,287
Total	27,950,468	272,733	-0-	28,223,201

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Accumulated Depreciation:				
Land Improvements	$ 56,752	$ 548		$ 57,300
Building & Improvements	2,646,715	332,632		2,979,347
Transportation Equipment	814,477	81,869		896,346
Furniture & Equipment	512,720	74,616		587,336
Total	4,030,664	489,665	$ -0-	4,520,329
Total Capital Assets, Being Depreciated, Net	23,919,804	(216,932)	-0-	23,702,872
Governmental Activities Capital Assets, Net	$ 23,935,247	$ (216,932)	$ -0-	$ 23,718,315
Business-Type Activities:				
Furniture & Equipment	$ 107,403			$ 107,403
Less: Accum Depreciation	93,111	$ 3,695		96,806
Business-Type Activities Capital Assets, Net	$ 14,292	$ (3,695)	$ -0-	$ 10,597

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	$ 191,472
Special Education	55,754
Other Special Instruction	1,591
Co-curricular Activities	29,599
Support Services:	
Student & Instruction	84,390
General & Business Admin	27,875
School Administration	9,827
Plant & Maintenance	7,288
Pupil Transportation	81,869
Total Depreciation Expense, Governmental Activities	$ 489,665

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2010 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	$ 19,547,000		$ 815,000	$ 18,732,000	$ 840,000
Obligations Under Capital Leases	279,972		245,618	34,354	34,354
Compensated Absences Payable	162,508	$ 14,114	65,870	110,752	
Total Governmental Activities Long-Term Liabilities	$ 19,989,480	$ 14,114	$ 1,126,488	$ 18,877,106	$ 874,354

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2010 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ 840,000	$ 771,954	$ 1,611,954
2012	870,000	737,591	1,607,591
2013	905,000	702,004	1,607,004
2014	940,000	664,985	1,604,985
2015	985,000	626,529	1,611,529
2016-2020	5,640,000	2,489,862	8,129,862
2021-2025	7,015,000	1,223,944	8,238,944
2026	1,537,000	64,322	1,601,322
	$ 18,732,000	$ 7,281,191	$ 26,013,191

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds payable at June 30, 2010, with their outstanding balances are comprised of the following individual issues:

$15,492,000 - 2007 general obligation school building bonds, due in annual installments of $570,000 to $1,137,000, beginning Feb 15, 2008, through Feb 15, 2026, interest at 4.125% to 4.25%	$ 13,757,000
$5,399,000 – 2007 general obligation school building bonds, due in annual installments of $204,000 to $400,000, beginning Feb 15, 2009 through Feb 15, 2026, interest at 4.00%	4,975,000
	$ 18,732,000

The general obligation bonded debt of the District is limited by state law to 3.5% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2010 is $50,731,052. General obligation debt at June 30, 2010 is $18,732,000, resulting in a legal debt margin of $31,999,052.

Capital Leases Payable

The District is leasing transportation equipment totaling $140,500 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2009:

Year Ending June 30,	General Fund
2011	$ 35,606
Amount Representing Interest	1,252
Present Value of Minimum Leases Payments	$ 34,354

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System is considered a cost sharing multiple-employer plan.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "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. On June 30, 1997, the Authority issued bonds pursuant to this legislation and $1,547,688,633 and $241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation (Cont'd)

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

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 contribution of 5.50% 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, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/10	$ 254,745	100%
06/30/09	248,188	100%
06/30/08	521,218	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/10	$ 111,399	100%
06/30/09	92,289	100%
06/30/08	73,106	100%

During the year ended June 30, 2010, the State of New Jersey contributed $241,867 to the TPAF for post-retirement medical benefits and $12,878 for non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board $268,841 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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 85,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, 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. In fiscal year 2009, the State paid $116.9 million toward Ch 126 benefits for 13,320 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer definer benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at http://www.state.nj.us/treasur/pension/pdf/financial/gasb-43-aug2010.pdf

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

Siracusa Benefits
Lincoln Investments
Equitable Life Assurance

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2010 is as follows:

Fund	Receivable Fund	Payable Fund
Capital Projects Fund		$ 810
Debt Service Fund	$ 810	
General Fund	34,287	6,144
Enterprise Fund	6,144	
Special Revenue Fund		34,287
	$ 41,241	$ 41,241

The interfund payable to the Debt Service Fund from the Capital Projects Fund is due to the transfer of premium on sale of bonds to off set future debt service costs. The interfund between the General and Special Revenue Fund is due to a required loan due to a delay in receipt of grant payments.

During the year ended June 30, 2010 the General Fund transferred $3,785 to the Capital Projects Fund from the Capital Reserve Fund for funding of state approved projects. The Capital Projects Fund transferred $108,190 of interest earnings to the Debt Service Fund to off-set future tax requirements. The General Fund also transferred $19,798 to the Unemployment Compensation Fund in the current year.

NOTE 10. INVENTORY

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

Food	$ 975
Supplies	226
	$ 1,201

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 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. RISK MANAGEMENT

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

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

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

Fiscal Year	District Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2009-2010	$ 19,798	$ 59	$ 11,336	$ 43,540	$ 35,478
2008-2009	20,000	-0-	12,155	13,331	47,825
2007-2008	20,000	-0-	8,586	9,821	29,001

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of $1 on September 21, 2000 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 districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 13. CAPITAL RESERVE ACCOUNT (Cont'd)

The following schedule is a summarization of the Capital Reserve Account:

Fiscal Year	Return of Unused Withdrawal	District Contribution	Interest Earnings	Transfer to Capital Project	Ending Balance
2000-2001		$ 1			$ 1
2001-2002		33,774			33,775
2002-2003		500,000	$ 3,432	$ 11,400	525,807
2003-2004		165,500		422,031	269,276
2004-2005		207,000	11,907		488,183
2005-2006	$ 69,905		18,795		576,883
2006-2007			30,252	100,000	507,135
2007-2008		100,000	13,687	100,000	520,822
2008-2009			2,171	222,142	300,851
2009-2010			803	3,785	297,869

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 P-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2010 and 2009 is as follows:

	2010	2009
Reserved:		
Encumbrances-Represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30	$ 57,776	$ 64,011
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	34,897	
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	297,869	300,851
Unreserved:		
Designated for Subsequent Year's Budget-to reduce tax requirements	47,000	55,000
Undesignated-Represents fund balance which has not been reserved or designated	305,465	221,940
Total Fund Balance	$ 743,007	$ 641,802

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is $34,897.

NOTE 16. CAPITAL PROJECT INTEREST EARNINGS

New Jersey statutes require that interest earned on the investments in the Capital Projects Fund be credited to the General Fund or Debt Service Fund based on Board resolution. For the year ended June 30, 2010 interest earnings in the amount of $108,189 had been transferred to the Debt Service Fund and $991 remains to be transferred.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

SOUTH HUNTERDON REGIONAL HIGH 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
REVENUES					
Local Sources:					
Local Tax Levy	$ 7,736,111		$ 7,736,111	$ 7,736,111	
Tuition-Other LEAs	118,000		118,000	102,865	$ (15,135)
Tuition-Individuals				43,350	43,350
Interest on Investments				4,460	4,460
Interest on Capital Reserve Investments				803	803
Miscellaneous - Unrestricted	10,500	$ 82,000	92,500	100,436	7,936
Total	7,864,611	82,000	7,946,611	7,988,025	41,414
State Sources:					
Categorical Special Educational Aid	194,441		194,441	194,441	
Categorical Security Aid	27,966		27,966	27,966	
Adjustment Aid	277,972	(82,255)	195,717	195,717	
Categorical Transportation Aid	199,759		199,759	199,759	
Extraordinary Aid	10,000		10,000	60,034	50,034
Non PublicTransportation Aid				5,431	5,431
On-Behalf TPAF Payments				254,745	254,745
Reimbursed TPAF Social Security Contribution				268,841	268,841
Total	710,138	(82,255)	627,883	1,206,934	579,051
TOTAL REVENUES	$ 8,574,749	$ (255)	$ 8,574,494	$ 9,194,959	$ 620,465
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries for Teachers:					
Grades 6-8	$ 631,959	$ 28,724	$ 660,683	$ 660,683	
Grades 9-12	1,479,585	(5,355)	1,474,230	1,469,625	$ 4,605
Home Instruction:					
Salaries		588	588	588	
Purchased Professional Educational Services		405	405	405	
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	107,477	4,766	112,243	112,243	
Purchased Professional Educational Services	16,527	(13,801)	2,726	2,726	
Purchased Technical Services	21,122	(8,248)	12,874	12,874	
Other Purchased Services	93,265	54,166	147,431	147,431	
General Supplies	52,125	45,351	97,476	70,607	26,869
Textbooks	17,074	2,128	19,202	18,741	461
Other Objects	500	(500)			
Total	2,419,634	108,224	2,527,858	2,495,923	31,935
Special Education:					
Multiple Disabilities:					
Salaries for Teachers	58,175	1,051	59,226	59,226	
General Supplies	500	(500)			
Textbooks	315	(255)	60	60	
Total	58,990	296	59,286	59,286	-
Resource Room/Resource Center:					
Salaries for Teachers	516,652	(1,152)	515,500	515,500	
Other Salaries for Instruction	172,940	(22,640)	150,300	150,300	
General Supplies	2,000	(421)	1,579	1,579	
Textbooks		27	27	27	
Total	691,592	(24,186)	667,406	667,406	-
Total Special Education	750,582	(23,890)	726,692	726,692	-

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actua
Current: (cont'd)					
Bilingual Education:					
Purchased Professional Educational Services		$ 8,779	$ 8,779	$ 8,779	
Total	$ -	8,779	8,779	8,779	$ -
School Sponsored Co-Curricular Activities:					
Salaries	43,375	24,822	68,197	68,197	
Purchased Services	1,500	(791)	709	709	
Supplies & Materials	10,237	3,677	13,914	13,914	
Other Objects		872	872	872	
Total	55,112	28,580	83,692	83,692	-
School Sponsored Athletics:					
Salaries	225,548	696	226,244	226,244	
Purchased Services	57,504	(5,521)	51,983	42,483	9,500
Supplies & Materials	31,479	6,624	38,103	37,603	500
Other Objects	5,200	(5,200)			
Total	319,731	(3,401)	316,330	306,330	10,000
TOTAL INSTRUCTION	$ 3,545,059	$ 118,292	$ 3,663,351	$ 3,621,416	$ 41,935
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within the State-Special	$ 111,310	$ 38,968	$ 150,278	$ 146,680	$ 3,598
County Vocational School District-Regular	89,456	(13,000)	76,456	76,456	
Private School for the Disabled W/I State	391,685	(110,997)	280,688	227,016	53,672
Private School Disabled & Oth LEAs-Spl, O/S St	162,070	(122,910)	39,160	39,160	
State Facilities	74,240	3,760	78,000	61,754	16,246
Total	828,761	(204,179)	624,582	551,066	73,516
Attendance & Social Work:					
Salaries	9,562	152	9,714	9,714	
Total	9,562	152	9,714	9,714	-
Health Services:					
Salaries	78,447	(593)	77,854	77,854	
Purchased Professional & Technical Services		105	105	105	
Other Purchased Services	1,900	(445)	1,455	1,455	
Supplies & Materials	1,000	1,632	2,632	2,632	
Total	81,347	699	82,046	82,046	-
Speech, Occup Therapy, Phys Therapy & Related Serv:					
Purchased Professional Education Services	26,000	(4,940)	21,060	21,060	
Total	26,000	(4,940)	21,060	21,060	-
Other Support Services-Students-Extra Services:					
Salaries					
Purchased Professional Educational Services	48,000	(18,586)	29,414	29,414	
Total	48,000	(18,586)	29,414	29,414	-
Guidance:					
Salaries for Other Professional Staff	263,115	(7,412)	255,703	255,703	
Salaries for Secretaries & Clerical Assistants	29,050	92	29,142	29,142	
Purchased Professional Educational Services	6,850	(4,470)	2,380	2,380	
Other Purch Professional & Technical Services	12,000	(2,041)	9,959	9,959	
Other Purchased Services	3,000	(2,557)	443	443	
Supplies & Materials	3,355	(620)	2,735	2,735	
Other Objects	800	(455)	345	345	
Total	318,170	(17,463)	300,707	300,707	-

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actua
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Child Study Team:					
Purchased Professional Education Services	$ 320,857	$ (525)	$ 320,332	$ 320,332	$ -
Improvement of Instructional Services:					
Salaries of Supervisors	151,166	(1,944)	149,222	149,222	
Salaries for Other Professional Staff	37,698	(22,644)	15,054	15,054	
General Supplies		154	154	154	
Total	188,864	(24,434)	164,430	164,430	-
Instructional Staff Training Services:					
Salaries of Supervisors	84,823	(34,676)	50,147	50,147	
Other Purchased Services		8,717	8,717	5,385	3,332
Total	84,823	(25,959)	58,864	55,532	3,332
Educational Media Service for School Library:					
Salaries	83,573	305	83,878	83,878	
Purchased Professional Educational Services	3,000	(223)	2,777	2,777	
Other Purchased Services	350	91	441	441	
Supplies & Materials	8,000	6,078	14,078	10,746	3,332
Total	94,923	6,251	101,174	97,842	3,332
Support Services General Administration:					
Salaries	90,751	(292)	90,459	90,459	
Elections		769	769		769
Legal Services	22,600	23,524	46,124	46,124	
Audit Fees	22,000	(7,050)	14,950	14,950	
Other Purchased Professional Services	2,600		2,600	1,139	1,461
Communications & Telephone	13,250	14,505	27,755	27,755	
Miscellaneous Purchases Services	22,890	(10,293)	12,597	8,622	3,975
Supplies & Materials	3,500	(482)	3,018	3,005	13
Miscellaneous Expenditures	3,200	(2,522)	678	678	
BOE Membership Dues and Fees	6,450	549	6,999	6,999	
Total	187,241	18,708	205,949	199,731	6,218
Support Services School Administration:					
Salaries for Principal & Assistant Principal	63,000	(945)	62,055	62,055	
Salaries of Other Professional Staff	18,351	388	18,739	18,738	1
Salaries for Secretaries & Clerical Assistants	39,800	(1,010)	38,790	38,790	
Other Purchased Services	1,500	(1,500)			
Supplies & Materials	8,425	(407)	8,018	8,016	2
Other Objects		1,893	1,893	1,893	
Totals	131,076	(1,581)	129,495	129,492	3
Central Services:					
Salaries	116,976	(3,403)	113,573	113,573	
Purchased Professional Services	9,010	1,194	10,204	10,204	
Purchased Technical Services	11,230	(3,420)	7,810	7,810	
Miscellaneous Purchased Services	2,600	(2,500)	100	100	
Supplies & Materials	1,800	(144)	1,656	1,656	
Interest on Lease Purchase Agreements	9,670	2,907	12,577	12,577	
Miscellaneous Expenditures	1,550	(525)	1,025	1,025	
Totals	152,836	(5,891)	146,945	146,945	-
Required Maintenance for School Facilities:					
Salaries	52,036	(15,148)	36,888	33,488	3,400
Purchased Professional Technical Services		29,080	29,080	13,900	15,180
Cleaning Repair & Maintenance Services	38,010	24,616	62,626	62,626	
General Supplies	14,500	31,098	45,598	45,598	
Totals	104,546	69,646	174,192	155,612	18,580

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Admin. Information Technology:					
Salaries	$ 20,784	$ (148)	$ 20,636	$ 20,636	$ -
Custodial Services:					
Salaries	254,634	(27,299)	227,335	227,335	
Purchased Professional & Technical Services	11,750	26,801	38,551	36,686	1,865
Cleaning Repair & Maintenance Services	15,300	16,002	31,302	31,302	
Rental of Land & Building	2,680	83	2,763	2,763	
Other Purchased Property Services	660	(332)	328	328	
Insurance	25,100	(5,467)	19,633	19,633	
General Supplies	22,500	8,079	30,579	30,579	
Energy (Electricity)	180,000	9,678	189,678	189,678	
Energy (Natural Gas)	5,000	(1,556)	3,444	3,444	
Energy (Oil)	105,000	12,772	117,772	117,772	
Total	622,624	38,761	661,385	659,520	1,865
Student Transportation Services:					
Salaries-Pupil Transportation (Between Home & School)-Regular	168,641	26,314	194,955	194,955	
Salaries-Pupil Transportation (Between Home & School)-Special Education	166,650	(16,555)	150,095	150,095	
Salaries-Pupil Transportation (Other than Between Home & School)	36,000	(16,933)	19,067	14,379	4,688
Management Fee-ESC & CTSA Transpt. Prg		3,717	3,717	3,717	
Other Purch Professional & Technical Services	2,300	636	2,936	2,936	
Cleaning, Repair & Maintenance Services	70,000	7,434	77,434	77,434	
Transportation Rental		306	306	306	
Lease Purchase Payments-Buses	63,866	32,558	96,424	96,424	
Contracted Services (Between Home & School)-Joint Agreements		13,125	13,125	13,125	
Contracted Services (Special Education Students)-Vendors	76,000	(3,107)	72,893	72,893	
Contract. Serv-Aid in Lieu Pymts-NonPub Sch	29,474	(10,026)	19,448	14,586	4,862
Miscellaneous Purchased Services	29,000	(15,000)	14,000	14,000	
Supplies & Materials	58,925	(26,346)	32,579	32,579	
Other Objects	200	(200)			
Total	701,056	(4,077)	696,979	687,429	9,550
Allocated Benefits-Health Benefits:					
Regular Programs	367,724	(11,250)	356,474	356,474	
Special Programs	151,133	9,116	160,249	160,249	
Other Instructional	18,813	6,897	25,710	25,710	
Health Services		16,057	16,057	16,057	
Guidance	65,800	(20,093)	45,707	45,707	
Improvement of Instruction Services	9,388	(6,010)	3,378	3,202	176
Educational Media Services	8,127	(2,800)	5,327	5,327	
Instructional Staff Training Services	12,092	(8,935)	3,157	3,141	16
Support Services-General Administration	3,762	2,550	6,312	6,312	
Support Services-School Administration	17,484	(7,280)	10,204	10,204	
Support Services-Central Services	26,488	7,386	33,874	33,874	
Operation and Maintenance of Plant Services	64,240	(12,382)	51,858	51,858	
Student Transportaoin Services	8,949	6,807	15,756	15,756	
Total	754,000	(19,937)	734,063	733,871	192

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	$ 151,000	$ (9,698)	$ 141,302	$ 141,302	
Other Retirement Contributions-Regular	107,000	4,399	111,399	111,399	
Unemployment Compensation	20,000	(19,798)	202	202	
Workmen's Compensation	86,220	3,898	90,118	61,118	$ 29,000
Health Benefits		16,250	16,250	16,250	
Tuition Reimbursement	30,000	(6,184)	23,816	22,057	1,759
Other Employee Benefits	15,000	55,970	70,970	70,970	
Total	409,220	44,837	454,057	423,298	30,759
On-Behalf TPAF Payments				254,745	(254,745)
Reimbursement TPAF Social Security Contrib				268,841	(268,841)
Total	-	-	-	523,586	(523,586)
Total Undistributed Expenditures	$ 5,084,690	$ (148,666)	$ 4,936,024	$ 5,312,263	$ (376,239)
TOTAL CURRENT	$ 8,629,749	$ (30,374)	$ 8,599,375	$ 8,933,679	$ (334,304)
CAPITAL OUTLAY					
Equipment:					
School Buses-Regular		$ 82,000	$ 82,000	$ 77,880	$ 4,120
TOTAL CAPITAL OUTLAY	$ -	82,000	82,000	77,880	4,120
TOTAL EXPENDITURES	$ 8,629,749	$ 51,626	$ 8,681,375	$ 9,011,559	$ (330,184)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (55,000)	$ (51,881)	$ (106,881)	$ 183,400	$ 290,281
Other Financing Sources (Uses):					
Prior Year State Aid Adjustment				(58,612)	(58,612)
Operating Transfer (Out)-Capital Project				(3,785)	(3,785)
Operating Transfer (Out)-Unemployment		19,798	19,798	(19,798)	
Total Other Financing Sources (Uses):	-	19,798	19,798	(82,195)	(62,397)
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(55,000)	(71,679)	(126,679)	101,205	227,884
Fund Balances, July 1	641,802	-	641,802	641,802	-
Fund Balances, June 30	$ 586,802	$ (71,679)	$ 515,123	$ 743,007	$ 227,884

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		$ (64,011)	$ (64,011)	$ (64,011)	
Increase (Decrease) in Capital Reserve				(2,982)	$ (2,982)
Budgeted Fund Balance	$ (55,000)	(7,668)	(62,668)	168,198	230,866
TOTAL	$ (55,000)	$ (71,679)	$ (126,679)	$ 101,205	$ 227,884

RECAPITULATION OF FUND BALANCE		
Reserved:		
Reserve for Encumbrances	$ 57,776	
Capital Reserve	297,869	
		$ 355,645
Excess Surplus:		
Current Year-Designated for 2011-2012 Budget		34,897
Unreserved:		
Designated for Subsequent Year's Expenditures	47,000	
Undesignated - Free	305,465	
		352,465
		743,007
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payment not Recognized on GAAP Basis		(74,582)
Fund Balance Per Governmental Funds (GAAP)		$ 668,425

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	$ 7,300		$ 7,300	$ 3,833	$ (3,467)
State Sources	2,135		2,135		(2,135)
Federal Sources	233,144	$ 15,906	249,050	201,804	(47,246)
TOTAL REVENUES	$ 242,579	$ 15,906	$ 258,485	$ 205,637	$ (52,848)
EXPENDITURES					
Instruction:					
Salaries	$ 6,002	$ 2,793	$ 8,795	$ 8,795	
Purchased Professional & Technical Services	2,104	8,615	10,719	6,989	$ 3,730
Other Purchase Services	1,990		1,990	1,990	
Textbooks	977		977		977
General Supplies	21,369	2,096	23,465	19,840	3,625
Other Objects	5,078	3,928	9,006	8,777	229
Totals	37,520	17,432	54,952	46,391	8,561
Support Services:					
Salaries	2,793	(2,793)			
Employee Benefits	921		921	921	
Other Purchased Professional Services	1,158		1,158		1,158
Purchased Professional & Technical Services	20,200		20,200	12,145	8,055
Tuition	116,437	(3,221)	113,216	98,216	15,000
Other Purchased Services	10,480	3,501	13,981	10,195	3,786
General Supplies	7,718	860	8,578	8,578	
Totals	159,707	(1,653)	158,054	130,055	27,999
Facilities Acquisition and Construction Services:					
Instructional Equipment	45,352	127	45,479	29,191	16,288
TOTAL EXPENDITURES	$ 242,579	$ 15,906	$ 258,485	$ 205,637	$ 52,848

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 9,194,959	$ 205,637
Difference-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:		
Outstanding Encumbrances Current Year		(75)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	54,566	
State Aid Receivable Current Year	(74,582)	
Total Revenues (GAAP Basis)	$ 9,174,943	$ 205,562
Uses/Outflows of Resources		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 9,011,559	$ 205,637
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:		
Outstanding Encumbrances Current Year		(75)
Total Expenditures (GAAP Basis)	$ 9,011,559	$ 205,562

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	National Quality Prog Standards Grt	ARRA IDEA Basic	IDEA Basic	REAP	NCLB I	NCLB IIA,IID,& IV	Perkins Secondary	Total 2010
REVENUES								
Local	$ 3,833							$ 3,833
Federal Sources	2,500	$ 50,286	$ 75,216	$ 32,961	$ 15,937	$ 6,699	$ 18,205	201,804
TOTAL REVENUES	$ 6,333	$ 50,286	$ 75,216	$ 32,961	$ 15,937	$ 6,699	$ 18,205	$ 205,637
EXPENDITURES								
Instruction:								
Salaries		$ 4,190			$ 4,605			$ 8,795
Purchased Professional & Technical Services				$ 1,551	5,350	$ 88		6,989
Other Purchase Services				1,990				1,990
General Supplies	$ 6,333	3,780		7,631	1,380		$ 716	19,840
Other Objects							8,777	8,777
Total	6,333	7,970	$ -	11,172	11,335	88	9,493	46,391
Support Services:								
Employee Benefits					921			921
Purchased Professional & Technical Services		12,145						12,145
Tuition		23,000	75,216					98,216
Other Purchased Services					3,681	6,064	450	10,195
General Supplies		7,171				547	860	8,578
Total	-	42,316	75,216	-	4,602	6,611	1,310	130,055
Facilities Acquisition and Construction Services:								
Instructional Equipment	-	-	-	21,789	-	-	7,402	29,191
TOTAL EXPENDITURES	$ 6,333	$ 50,286	$ 75,216	$ 32,961	$ 15,937	$ 6,699	$ 18,205	$ 205,637

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues and Other Financing Sources:		
Local Sources:		
Interest Income		$ 992
Expenditures and Other Financing Uses:		
Capital Project Expenditures		165,662
Excess (Deficiency) of Revenues Over (Under) Expenditures		(164,670)
Other Financing Sources (Uses):		
Operating Transfer In (Out):		
Capital Reserve Fund	$ 3,785	
Debt Service Fund	(108,190)	
Arbitrage Rebate Reserve Increased	(40,788)	
Total Other Financing Sources (Uses)		(145,193)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		(309,863)
Fund Balance-Beginning		387,808
Fund Balance-Ending		$ 77,945
Analysis of Balance		
Project Balance		$ 76,954
Interest Income		991
		$ 77,945

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-RENOVATION AND EXPANSION OF SCHOOL FACILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources:				
Bond Proceeds	$ 20,891,000		$ 20,891,000	$ 20,891,000
Capital Reserve	422,142	$ 3,785	425,927	422,142
Other				344
Total Revenues	21,313,142	3,785	21,316,927	21,313,486
Expenditures and Other Financing Uses:				
Architect	1,753,105	7,345	1,760,450	
Construction Manager	438,442		438,442	
Financing Fees	118,811	40,788	159,599	
Legal Fees	91,041	10,413	101,454	
Technology	12,059		12,059	
Surveying	26,073		26,073	
Professional Environmental Fees	3,211		3,211	
Engineering, Surveying & Testing	49,259		49,259	
Government Review & Other Fees	87,609		87,609	
Insurance	15,204		15,204	
Miscellaneous Other	17,119		17,119	
Construction:				
General	8,326,305	62,820	8,389,125	
Electrical	3,028,046		3,028,046	
Plumbing & Fire Prevention	1,552,275		1,552,275	
Heating, Ventilating & Air Conditioning	3,432,211		3,432,211	
Structural Steel	829,395	72,258	901,653	
Gymnasium Renovation	384,542		384,542	
Window & Door Project	243,950		243,950	
Ceiling & Asbestos Project	404,871		404,871	
Wood Shop Project	113,362	9,326	122,688	
Athletic Training Room Project	11,500		11,500	
Air & Water Balancing	12,900		12,900	
Painting	57,040		57,040	
Landscaping		3,500	3,500	
Miscellaneous Construction	25,193		25,193	
Total Expenditures	21,033,523	206,450	21,239,973	21,313,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 279,619	$ (202,665)	$ 76,954	$ -

Additional Project Information:	
Project Number	4890-050-05-1000
Grant Date	08/16/05
Original Bonds Authorized Date	09/27/05
Original Bonds Authorized	$ 20,892,344
Original Bonds Issued	$ 15,492,000
Additional Bonds Issued	$ 5,399,000
Percentage Completion	99.66%

PROPRIETARY FUND

DETAIL STATEMENTS

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
JUNE 30, 2010

	Food Services	Child Study Team Services	Transportation Service	Total
ASSETS				
Current Assets:				
Cash & Cash Equivalents	$ 11,449	$ 46,430	$ 41,506	$ 99,385
Receivables from Other Governments:				
State	59			59
Federal	781			781
Interfund Receivable	3,397	2,747		6,144
Inventory	1,201			1,201
Total Current Assets	16,887	49,177	41,506	107,570
Noncurrent Assets:				
Capital Assets	107,403			107,403
Less: Accumulated Depreciation	(96,806)			(96,806)
Total Noncurrent Assets	10,597	-	-	10,597
Total Assets	27,484	49,177	41,506	118,167
LIABILITIES				
Current Liabilities:				
Accounts Payable		12,404		12,404
Deferred Revenues	717			717
Total Current Liabilities	717	12,404	-	13,121
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	10,597			10,597
Unrestricted	16,170	36,773	41,506	94,449
TOTAL NET ASSETS	$ 26,767	$ 36,773	$ 41,506	$ 105,046

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Services	Child Study Team Services	Transportation Services	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	$ 38,618			$ 38,618
Daily Sales-Nonreimbursable Programs	59,132			59,132
Fee for Services		$ 511,525	$ 155,233	666,758
Total Operating Revenues	97,750	511,525	155,233	764,508
Operating Expenses:				
Costs of Sales	52,760			52,760
Salaries	33,361	390,962	112,174	536,497
Employee Benefits	4,654	61,165		65,819
Purchased Professional & Technical Services		6,555	1,600	8,155
Insurance	3,362		15,000	18,362
Management Fees	7,213			7,213
Other Purchased Services	1,860	5,460	600	7,920
General Supplies	4,249	20,027	22,669	46,945
Lease Payments			15,975	15,975
Repairs & Maintenance	2,343		23,116	25,459
Miscellaneous Other	196			196
Depreciation	3,695			3,695
Total Operating Expenses	113,693	484,169	191,134	788,996
Operating Income (Loss)	(15,943)	27,356	(35,901)	(24,488)
Nonoperating Revenues (Expenses):				
Interest Revenue	38			38
State Sources:				
State School Lunch Program	901			901
Federal Sources:				
National School Lunch Program	12,665			12,665
Food Distribution Program	6,223			6,223
Total Nonoperating Revenues (Expenses)	19,827	-	-	19,827
Change in Net Assets	3,884	27,356	(35,901)	(4,661)
Total Net Assets, Beginning	22,883	9,417	77,407	109,707
Total Net Assets, Ending	$ 26,767	$ 36,773	$ 41,506	$ 105,046

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Services	Child Study Team Service	Transportation Services	Total
Cash Flows from Operating Activities:				
Receipts from Customers	$ 97,750	$ 511,525	$ 155,233	$ 764,508
Payments to Employees		(390,962)	(112,174)	(503,136)
Payments for Employee Benefits		(61,165)		(61,165)
Payments to Food Services Management Co	(101,079)			(101,079)
Payments to Vendors	(2,393)	(24,803)	(78,960)	(106,156)
Net Cash Provided by (Used For) Operating Activities	(5,722)	34,595	(35,901)	(7,028)
Cash Flows from Noncapital Financing Activities:				
Interfund	(2,887)			(2,887)
State Sources	892			892
Federal Sources	12,505			12,505
Net Cash Provided by (Used For) Noncapital Financing Activities	10,510	-	-	10,510
Cash Flows from Investing Activities:				
Interest Earned on Investments	38	-	-	38
Net Increase (Decrease) in Cash and Cash Equivalents	4,826	34,595	(35,901)	3,520
Cash and Cash Equivalents, July 1, 2009	6,623	11,835	77,407	95,865
Cash and Cash Equivalents, June 30, 2010	$ 11,449	$ 46,430	$ 41,506	$ 99,385
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating Income (Loss)	$ (15,943)	$ 27,356	$ (35,901)	$ (24,488)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	3,695			3,695
Federal Food Distribution Program	5,508			5,508
(Increase) Decrease in Inventory	1,018			1,018
Increase (Decrease) in Accounts Payable		7,239		7,239
Net Cash Provided by (Used For) Operating Activities	$ (5,722)	$ 34,595	$ (35,901)	$ (7,028)

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	$ 37,037	$ 165,548	$ 13,413	$ 215,998
Total Assets	37,037	165,548	13,413	215,998
LIABILITIES				
Accounts Payable	1,559			1,559
Due to Student Groups		165,548		165,548
Payroll Deductions & Withholdings			13,413	13,413
Total Liabilities	1,559	165,548	13,413	180,520
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	$ 35,478	$ -	$ -	$ 35,478

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	$ 11,336
Board Contribution	19,798
Investment Earnings-Interest	59
Total Additions	31,193
DEDUCTIONS	
Unemployment Claims	43,540
Change in Net Assets	(12,347)
Net Assets, Beginning of the Year	47,825
Net Assets, End of the Year	$ 35,478

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
ASSETS				
Cash & Cash Equivalents	$ 144,914	$ 153,001	$ 132,367	$ 165,548
TOTAL ASSETS	$ 144,914	$ 153,001	$ 132,367	$ 165,548
LIABILITIES				
Due to Student Groups:				
Student Activities	$ 140,727	$ 119,675	$ 101,291	$ 159,111
Athletic Activities	4,187	33,326	31,076	6,437
TOTAL LIABILITIES	$ 144,914	$ 153,001	$ 132,367	$ 165,548

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
ASSETS				
Cash & Cash Equivalents	$ 19,479	$ 9,520,497	$ 9,526,563	$ 13,413
TOTAL ASSETS	$ 19,479	$ 9,520,497	$ 9,526,563	$ 13,413
LIABILITIES				
Payroll Deductions & Withholdings	$ 8,725	$ 5,910,262	$ 5,906,024	$ 12,963
Net Payroll	10,754	3,610,235	3,620,539	450
TOTAL LIABILITIES	$ 19,479	$ 9,520,497	$ 9,526,563	$ 13,413

LONG-TERM DEBT SCHEDULES

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 07/01/09	Issued	Retired	Balance 06/30/10
School Addition of 2006	02/15/06	$ 15,492,000	02/15/11	$ 610,000	4.125%				
			02/15/12	630,000					
			02/15/13	655,000					
			02/15/14	685,000					
			02/15/15	720,000					
			02/15/16	755,000					
			02/15/17	790,000					
			02/15/18	825,000					
			02/15/19	865,000					
			02/15/20	905,000					
			02/15/21	945,000					
			02/15/22	990,000					
			02/15/23	1,035,000	4.250%				
			02/15/24	1,085,000					
			02/15/25	1,125,000					
			02/15/26	1,137,000		$ 14,352,000		$ 595,000	$ 13,757,000
School Addition of 2007	10/30/07	5,299,000	02/15/11	230,000	4.000%				
			02/15/12	240,000					
			02/15/13	250,000					
			02/15/14	255,000					
			02/15/15	265,000					
			02/15/16	275,000					
			02/15/17	290,000					
			02/15/18	300,000					
			02/15/19	310,000					
			02/15/20	325,000					
			02/15/21	340,000					
			02/15/22	350,000					
			02/15/23	365,000					
			02/15/24	380,000					
			02/15/25	400,000					
			02/15/26	400,000		5,195,000		220,000	4,975,000
						$ 19,547,000	$ -	$ 815,000	$ 18,732,000

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Description	Amount of Original Issue	Balance 07/01/09	Issued	Retired	Balance 06/30/10
Furniture and Technology Equipment	$ 341,250	$ 212,472		$ 212,472	
(2) Buses	140,500	67,500		33,146	$ 34,354
		$ 279,972	$ -	$ 245,618	$ 34,354

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 891,358		$ 891,358	$ 891,358	
State Sources:					
Debt Service Aid	418,940		418,940	418,940	
Total Revenues	1,310,298	$ -	1,310,298	1,310,298	$ -
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	815,000		815,000	815,000	
Interest	805,298		805,298	805,298	
Total Expenditures	1,620,298	-	1,620,298	1,620,298	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,000)	-	(310,000)	(310,000)	
Other Financing Sources:					
Operating Transfer In (Capital Project Interest)				108,190	108,190
Total Other Financing Sources	-	-	-	108,190	108,190
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(310,000)		(310,000)	(201,810)	108,190
Fund Balance, July 1	313,513	-	313,513	313,513	-
Fund Balance, June 30	$ 3,513	$ -	$ 3,513	$ 111,703	$ 108,190
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	$ (310,000)	$ -	$ (310,000)	$ (201,810)	$ 108,190

STATISTICAL SECTION

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-6
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These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-20 to J-25
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-26 to J-27
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-28 to J-32

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
GOVERNMENT ACTIVITIES							
Invested in Capital Assets, Net of Related Debt	$ 2,554,002	$ 2,873,638	$ (11,685,211)	$ (10,287,789)	$ 1,902,862	$ 4,108,275	$ 4,951,961
Restricted	379,281	488,188	15,198,601	14,136,900	2,544,161	1,002,172	487,517
Unrestricted	334,895	511,669	196,333	468,587	267,509	(87,845)	64,330
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	$ 3,268,178	$ 3,873,495	$ 3,709,723	$ 4,317,698	$ 4,714,532	$ 5,022,602	$ 5,503,808
BUSINESS-TYPE ACTIVITIES							
Invested in Capital Assets, Net of Related Debt	$ 26,680	$ 21,555	$ 17,118	$ 19,180	$ 15,456	$ 14,292	$ 10,597
Unrestricted	96,126	72,111	86,069	80,526	75,818	95,415	94,449
TOTAL BUSINESS-TYPE ACTIVITIES	$ 122,806	$ 93,666	$ 103,187	$ 99,706	$ 91,274	$ 109,707	$ 105,046
DISTRICT-WIDE							
Invested in Capital Assets, Net of Related Debt	$ 2,580,682	$ 2,895,193	$ (11,668,093)	$ (10,268,609)	$ 1,918,318	$ 4,122,567	$ 4,962,558
Restricted	379,281	488,188	15,198,601	14,136,900	2,544,161	1,002,172	487,517
Unrestricted	431,021	583,780	282,402	549,113	343,327	7,570	158,779
TOTAL DISTRICT-WIDE	$ 3,390,984	$ 3,967,161	$ 3,812,910	$ 4,417,404	$ 4,805,806	$ 5,132,309	$ 5,608,854

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
EXPENSES							
Governmental Activities:							
Instruction:							
Regular	$ 2,811,265	$ 2,910,381	$ 3,226,165	$ 3,433,554	$ 3,393,711	$ 3,220,481	$ 3,369,752
Special Education	663,693	807,207	1,112,366	1,143,314	1,147,655	1,152,236	1,106,707
Other Instruction	358,942	425,395	346,371	373,783	682,920	583,545	486,835
Support Services:							
Tuition	358,627	415,740	568,602	634,900	731,814	824,788	649,282
Student & Instruction Related Services	902,856	979,530	1,122,642	1,290,381	1,269,061	1,360,189	1,379,131
General & Business Administrative Services	656,282	522,306	440,016	351,979	409,230	424,507	470,969
School Administration	362,136	243,634	209,979	172,807	190,061	230,565	169,515
Plant Operations & Maintenance	429,820	506,517	686,090	626,500	838,794	875,995	953,709
Pupil Transportation	564,128	658,877	776,656	677,367	770,572	767,785	736,239
Interest on Long-Term Debt	34,138	15,280	232,309	647,516	778,970	867,253	789,050
Special Schools						13,348	
Total Governmental Activities Expenses	7,141,887	7,484,867	8,721,196	9,352,101	10,212,788	10,320,692	10,111,189
Business-Type Activities:							
Food Services	155,086	151,371	144,306	124,546	125,497	119,811	113,693
Child Study Team Services	384,874	405,575	415,335	446,733	475,000	495,696	484,169
Transportation Services	83,235	87,217	87,217	96,446	124,818	127,589	191,134
Total Business-Type Activities	623,195	644,163	646,858	667,725	725,315	743,096	788,996
TOTAL DISTRICT EXPENSES	$ 7,765,082	$ 8,129,030	$ 9,368,054	$ 10,019,826	$ 10,938,103	$ 11,063,788	$ 10,900,185

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
PROGRAM REVENUES							
Governmental Activities:							
Charges for Services	$ 21,244	$ 81,813	$ 109,228	$ 145,679	$ 173,343	$ 156,734	$ 146,215
Operating Grants & Contributions	149,755	109,984	192,450	126,026	143,823	198,279	205,562
Total Governmental Activities Program Revenues	170,999	191,797	301,678	271,705	317,166	355,013	351,777
Business-Type Activities:							
Charges for Services:							
Food Service	130,105	137,708	117,268	103,603	108,467	94,423	97,750
Child Study Team Services	432,263	362,061	410,506	446,426	466,307	499,269	511,525
Transportation Services	102,105	99,079	108,743	97,799	126,394	149,809	155,233
Operating Grants & Contributions	13,829	16,175	19,549	15,753	14,450	17,948	19,789
Total Business-Type Activities Program Revenues	678,302	615,023	656,066	663,581	715,618	761,449	784,297
TOTAL DISTRICT-PROGRAM REVENUES	$ 849,301	$ 806,820	$ 957,744	$ 935,286	$ 1,032,784	$ 1,116,462	$ 1,136,074
NET (EXPENSE) REVENUES							
Governmental Activities	$ (6,970,888)	$ (7,293,070)	$ (8,419,518)	$ (9,080,396)	$ (9,895,622)	$ (9,965,679)	$ (9,759,412)
Business-Type Activities	55,107	(29,140)	9,208	(4,144)	(9,697)	18,353	(4,699)
TOTAL DISTRICT-WIDE NET EXPENSES	$ (6,915,781)	$ (7,322,210)	$ (8,410,310)	$ (9,084,540)	$ (9,905,319)	$ (9,947,326)	$ (9,764,111)
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS							
Governmental Activities:							
Property Taxes Levied for General Purposes	$ 5,972,329	$ 6,347,568	$ 6,550,086	$ 6,839,303	$ 7,551,434	$ 7,798,491	$ 7,736,111
Taxes Levied for Debt Service	155,776	147,159	137,546	723,989	898,419	211,194	891,358
Unrestricted Grants & Contributions	1,112,325	1,173,158	1,227,732	1,529,398	1,483,660	1,195,428	1,128,306
State Aid Restricted for Debt Service						905,189	418,940
Capital Grant-Unallocated	174,761	184,619	52,071				
Investment Earnings	6,841	30,296	304,130	621,994	377,174	35,200	6,255
Miscellaneous Income	2,587	15,587	4,381		1,769	22,224	100,436
Gain (Loss) on Disposal of Assets			(2,200)	(6,313)		18,850	
Arbitrage Rebate Reserve Adjustment						87,173	(40,788)
Operating Transfer			(18,000)	(20,000)	(20,000)		
Total Governmental Activities	7,424,619	7,898,387	8,255,746	9,688,371	10,292,456	10,273,749	10,240,618

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)							
Business-Type Activities:							
Investment Earnings			$ 313	$ 663	$ 379	$ 80	$ 38
Miscellaneous Revenues					886		
Total Business-Type Activities	$ -	$ -	313	663	1,265	80	38
TOTAL DISTRICT-WIDE	$ 7,424,619	$ 7,898,387	$ 8,256,059	$ 9,689,034	$ 10,293,721	$ 10,273,829	$ 10,240,656
CHANGE IN NET ASSETS							
Governmental Activities	$ 453,731	$ 605,317	$ (163,772)	$ 607,975	$ 396,834	$ 308,070	$ 481,206
Business-Type Activities	55,107	(29,140)	9,521	(3,481)	(8,432)	18,433	(4,661)
TOTAL DISTRICT	$ 508,838	$ 576,177	$ (154,251)	$ 604,494	$ 388,402	$ 326,503	$ 476,545

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST SEVEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund:							
Reserved	$ 730,130	$ 1,154,929	$ 1,002,196	$ 818,068	$ 638,921	$ 364,862	$ 390,542
Unreserved	320,246	150,401	125,729	258,457	271,063	222,374	277,883
Total General Fund	$ 1,050,376	$ 1,305,330	$ 1,127,925	$ 1,076,525	$ 909,984	$ 587,236	$ 668,425
All Other Governmental Funds:							
Unreserved, Reported In:							
Special Revenue Fund	$ (370)	$ (380)	$ (369)				
Capital Projects Fund	(114,183)	17,834	14,385,080	$ 13,224,688	$ 1,777,657	$ 387,808	$ 77,945
Debt Service Fund	5	5	236,638	639,379	558,385	313,513	111,703
Total All Other Governmental Funds	$ (114,548)	$ 17,459	$ 14,621,349	$ 13,864,067	$ 2,336,042	$ 701,321	$ 189,648

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Tax Levy	$ 5,118,473	$ 5,427,723	$ 6,161,617	$ 6,128,105	$ 6,494,727	$ 6,687,632	$ 7,563,292	$ 8,449,853	$ 8,009,685	$ 8,627,469
Tuition Charges	69,298	46,232	47,621	16,376	75,873	103,308	145,679	173,343	156,734	146,215
Interest Earnings	24,465	12,973	10,080	6,841	30,296	304,130	621,994	377,174	35,200	6,255
Miscellaneous	4,470	6,884	10,940	11,366	23,632	19,379	567	1,769	22,224	104,269
State Sources	944,310	861,180	1,000,955	1,129,177	1,182,442	1,243,518	1,539,404	1,491,040	2,116,270	1,547,246
State Sources-Capital Projects			9,537	76,387	184,619	52,071				
Federal Sources	114,775	121,074	120,830	212,366	98,595	167,586	115,453	136,443	182,626	201,729
Total Revenues	6,275,791	6,476,066	7,361,580	7,580,618	8,090,184	8,577,624	9,986,389	10,629,622	10,522,739	10,633,183
Expenditures:										
Instruction:										
Regular Instruction	1,901,858	1,926,672	1,964,720	2,048,105	2,181,188	2,247,148	2,427,639	2,440,937	2,445,955	2,495,923
Special Education Instruction	342,062	340,017	440,159	451,056	522,613	635,761	765,080	783,455	796,437	726,692
Other Special Instruction	11,452	13,093	4,717	32,181	68,307	95,381	32,783	31,628	28,467	8,779
Other Instruction	290,828	256,040	264,048	270,958	356,937	336,769	364,008	500,108	426,229	390,022
Support Services:										
Tuition	338,892	331,099	320,470	358,627	415,740	568,602	561,370	657,813	750,180	551,066
Student & Instruction Related Services	635,698	674,561	680,445	674,961	747,219	922,167	1,000,304	998,986	1,117,376	1,081,077
General Administration	280,542	352,988	303,160	340,720	298,005	200,931	170,858	212,631	214,306	199,731
School Administration Services	187,191	260,502	230,680	263,731	170,514	164,312	126,753	136,436	181,655	129,492
Central Services / Business	147,384	184,060	159,731	212,820	156,459	145,755	129,775	152,464	149,187	146,945
Admin Information Technology						10,710	11,842	12,064	20,051	20,636
Plant Operations & Maintenance	368,671	370,646	403,144	397,016	465,222	634,910	541,161	741,878	770,984	815,132
Pupil Transportation	489,160	478,247	503,540	482,028	545,270	612,558	608,463	674,754	683,911	687,429
Employee Benefits	536,257	586,332	627,059	828,355	772,203	1,009,589	954,036	1,082,539	1,106,580	1,157,169
On-Behalf TPAF Pension & Soc Sec Contributions	292,499	225,685	389,424	471,721	512,874	565,776	820,485	804,523	541,141	523,586
Capital Outlay	215,250	160,006	227,568	123,061	280,594	100,520	141,136	431,445	181,558	77,880
Capital Projects			23,842	609,696	52,602	1,106,920	1,494,695	17,024,431	1,407,477	165,662
Special Revenue Funds	132,925	165,241	149,894	232,377	109,994	192,439	125,657	143,823	198,279	205,562
Special Schools									13,000	
Debt Service:										
Principal	110,000	110,000	120,000	130,000	130,000	129,000		570,000	774,000	815,000
Interest & Other Charges	48,296	41,008	33,723	25,771	17,159	8,546	621,248	644,523	899,958	805,298
Total Expenditures	6,328,965	6,476,197	6,846,324	7,953,184	7,802,900	9,687,794	10,897,293	28,044,438	12,706,731	11,003,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,174)	(131)	515,256	(372,566)	287,284	(1,110,170)	(910,904)	(17,414,816)	(2,183,992)	(369,898)
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)	162,385	145,040	144,291	45,996	99,676	62,655	122,222	341,250	140,500	
Proceeds from Bond Issue						15,492,000		5,399,000		
Proceeds from Trade-in of Capital Assets									18,850	
Arbitrage Rebate Reserve Adjustment									87,173	(40,788)
Transfers Out						(18,000)	(20,000)	(20,000)	(20,000)	(19,798)
Total Other Financing Sources (Uses)	162,385	145,040	144,291	45,996	99,676	15,536,655	102,222	5,720,250	226,523	(60,586)
Net Change in Fund Balances	$ 109,211	$ 144,909	$ 659,547	$ (326,570)	$ 386,960	$ 14,426,485	$ (808,682)	$ (11,694,566)	$ (1,957,469)	$ (430,484)
Debt Service as a Percentage of Non-Capital Expenditures	2.66%	2.45%	2.39%	2.20%	2.01%	1.65%	7.19%	12.96%	17.73%	17.73%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30,
Prior to June 30; 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
LOCAL TAX LEVY BY CONSTITUENT DISTRICT
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total	Lambertville City	Stockton Borough	West Amwell Township
2001	$ 5,118,473	$ 2,963,917	$ 381,891	$ 1,772,665
2002	5,427,723	3,132,362	283,006	2,012,355
2003	6,161,617	3,574,011	305,671	2,281,935
2004	6,128,105	3,352,989	357,648	2,417,468
2005	6,494,727	3,760,704	287,336	2,446,687
2006	6,687,632	3,767,549	316,106	2,603,977
2007	7,563,292	4,132,218	346,504	3,084,570
2008	8,449,853	4,888,539	386,290	3,175,024
2009	8,009,685	4,643,595	425,581	2,940,509
2010	8,627,469	5,009,674	412,057	3,205,738

Source: District Records

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Income	$ 24,465	$ 12,973	$ 10,080	$ 6,841	$ 30,296	$ 67,497	$ 87,691	$ 64,474	$ 14,184	$ 5,263
Tuition	69,298	46,232	47,621	16,376	75,873	103,308	145,679	173,343	156,734	146,215
Transportation Fees										90,862
Old Outstanding Checks Canceled						908		831		
Miscellaneous	2,045		27	124	530	39		128		139
Prior Year Refunds		2,685	1,566	1,453	8,541					350
Insurance Rebates									23,691	
Use of Facilities	2,250		2,000	4,868	5,940	5,920				
Prior Year Accounts Payable Canceled			5,347		4,756					
Sale of Surplus Materials/Equipment				1,010	1,760	3,434				
Payroll Agency & Net Payroll Excess		199								9,789
Write off of Prior Year Receivables									(1,467)	
Grant Fund Adjustment										(704)
Fines/Restitution	175									
Annual Totals	$ 98,233	$ 62,089	$ 66,641	$ 30,672	$ 127,696	$ 181,106	$ 233,370	$ 238,776	$ 193,142	$ 251,914

Source: District Records

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY-ALL CONSTITUENT DISTRICTS COMBINED
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	$ 21,124,798	$ 27,390,898	$ 24,836,398	$ 31,320,498	$ 34,207,698	$ 29,406,398	$ 27,531,998	$ 23,535,098	$ 18,703,698	$ 15,837,398
Residential	452,647,900	488,866,000	608,730,100	736,917,800	821,873,300	909,875,400	1,025,233,400	1,053,207,200	1,064,506,500	1,044,669,700
Farm Regular	45,181,100	51,500,300	62,345,100	73,239,100	85,068,400	86,618,400	87,754,100	90,088,800	90,788,800	94,096,200
Q Farm	2,593,964	2,495,764	2,522,164	2,533,764	2,744,264	2,662,264	2,646,164	2,569,864	2,543,764	2,657,364
Commercial	96,656,070	97,492,470	111,231,470	120,932,370	129,637,270	135,309,770	151,307,869	150,401,069	152,015,169	148,885,569
Industrial	19,024,800	18,900,900	20,065,050	20,870,750	21,486,350	21,893,850	22,555,000	22,230,700	22,629,900	22,126,100
Apartment	13,248,700	13,299,300	15,369,400	18,477,200	20,617,500	21,453,300	23,063,400	24,625,500	25,386,100	24,720,100
Total Assessed Value	650,477,332	699,945,632	845,099,682	1,004,291,482	1,115,634,782	1,207,219,382	1,340,091,931	1,366,658,231	1,376,573,931	1,352,992,431
Public Utilities (a)	2,065,223	2,044,123	2,255,514	2,223,533	2,374,569	2,307,405	2,380,003	2,391,240	2,594,259	2,656,323
Net Valuation Taxable	$ 652,542,555	$ 701,989,755	$ 847,355,196	$ 1,006,515,015	$ 1,118,009,351	$ 1,209,526,787	$ 1,342,471,934	$ 1,369,049,471	$ 1,379,168,190	$ 1,355,648,754
Estimated Actual County Equalized) Value	$ 794,825,038	$ 840,944,536	$ 1,018,129,173	$ 1,130,259,535	$ 1,256,936,778	$ 1,411,385,934	$ 1,464,396,436	$ 1,493,184,884	$ 1,470,928,620	$ 1,435,550,716
Percentage of Net Valuation to Est. Actual County Equal. Value	82.10%	83.48%	83.23%	89.05%	88.95%	85.70%	91.67%	91.69%	93.76%	94.43%
Regional High School Tax Rate by Constituent District:										
City of Lambertville	$ 0.87	$ 0.89	$ 0.97	$ 0.84	$ 0.72	$ 0.66	$ 0.63	$ 0.65	$ 0.65	$ 0.70
Borough of Stockton	$ 0.86	$ 0.79	$ 0.69	$ 0.78	$ 0.77	$ 0.70	$ 0.38	$ 0.42	$ 0.44	$ 0.51
Township of West Amwell	$ 0.73	$ 0.71	$ 0.68	$ 0.60	$ 0.54	$ 0.49	$ 0.60	$ 0.57	$ 0.58	$ 0.61

Source: Municipal Tax Assessors

NOTE

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

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies
(b) Tax rates are per $100

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
BY CONSTITUENT DISTRICT-CITY OF LAMBERTVILLE
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	$ 4,109,998	$ 4,284,698	$ 5,454,798	$ 12,496,898	$ 18,672,298	$ 15,469,298	$ 12,609,598	$ 8,043,498	$ 6,859,698	$ 5,191,798
Residential	250,106,400	250,670,300	303,941,900	375,208,100	419,401,000	502,223,400	561,320,700	582,142,900	592,959,600	575,821,700
Farm Regular	948,400	948,400	1,063,000	1,196,100	1,229,500	1,282,500	1,338,700	1,337,300	1,353,800	1,343,800
Q Farm	78,264	78,264	78,264	78,264	128,264	128,264	128,264	128,264	128,264	128,264
Commercial	67,813,571	67,731,171	78,732,671	88,701,671	98,120,071	103,813,471	111,651,900	111,347,700	110,241,900	106,970,800
Industrial	7,406,200	7,406,200	8,367,250	8,937,050	9,459,550	9,867,050	10,326,600	10,002,300	10,401,500	10,261,700
Apartment	11,787,200	11,762,900	13,672,000	16,565,900	18,561,500	19,397,300	20,567,900	22,130,000	22,890,600	22,224,600
Total Assessed Value	342,250,033	342,881,933	411,309,883	503,183,983	565,572,183	652,181,283	717,943,662	735,131,962	744,835,362	721,942,662
Public Utilities (a)	1,261,117	1,261,117	1,255,553	1,263,138	1,436,649	1,432,045	1,452,801	1,415,703	1,512,179	1,448,023
Net Valuation Taxable	$ 343,511,150	$ 344,143,050	$ 412,565,436	$ 504,447,121	$ 567,008,832	$ 653,613,328	$ 719,396,463	$ 736,547,665	$ 746,347,541	$ 723,390,685
Estimated Actual County Equalized) Value	$ 459,330,606	$ 471,988,830	$ 556,600,597	$ 611,792,007	$ 674,871,790	$ 748,118,472	$ 769,209,089	$ 782,581,043	$ 782,581,043	$ 774,335,453
Percentage of Net Valuation to Est. Actual County Equal. Value	74.79%	72.91%	74.12%	82.45%	84.02%	87.37%	93.52%	94.12%	95.37%	93.42%
			*	*	*	*	*	*	*	*
Total Direct Regional School Tax Rate (b)	$ 0.89	$ 0.97	$ 0.84	$ 0.72	$ 0.66	$ 0.61	$ 0.63	$ 0.65	$ 0.65	$ 0.70
			*	*	*	*	*	*	*	*

Source: Municipal Tax Assessor

NOTE

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

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per $100

* Revalued/Reassessed

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
BY CONSTITUENT DISTRICT-BOROUGH OF STOCKTON
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	$ 1,238,000	$ 1,238,000	$ 1,176,600	$ 1,176,600	$ 1,107,000	$ 1,087,100	$ 3,205,700	$ 3,297,400	$ 1,348,700	$ 985,200
Residential	33,369,400	33,418,600	33,480,000	33,480,000	33,786,000	33,654,900	77,901,000	77,769,800	78,584,100	78,576,500
Farm Regular	438,900	438,900	438,900	438,900	427,500	427,500	845,100	845,100	845,100	845,100
Q Farm	25,000	25,000	25,000	25,000	24,600	24,600	24,600	24,600	22,200	22,200
Commercial	6,404,800	6,404,800	6,404,800	6,404,800	6,404,800	6,383,900	13,969,300	13,969,300	13,091,600	13,304,100
Industrial	162,400	162,400	162,400	162,400	162,400	162,400	364,000	364,000	364,000	
Apartment	579,100	579,100	579,100	579,100	579,100	579,100	1,018,600	1,018,600	1,018,600	1,018,600
Total Assessed Value	42,217,600	42,266,800	42,266,800	42,266,800	42,491,400	42,319,500	97,328,300	97,288,800	95,274,300	94,751,700
Public Utilities (a)	114,860	103,062	103,303	95,050	85,768	75,773	151,229	159,686	172,380	172,593
Net Valuation Taxable	$ 42,332,460	$ 42,369,862	$ 42,370,103	$ 42,361,850	$ 42,577,168	$ 42,395,273	$ 97,479,529	$ 97,448,486	$ 95,446,680	$ 94,924,293
Estimated Actual County Equalized) Value	$ 46,671,582	$ 59,834,748	$ 64,148,064	$ 69,296,664	$ 87,081,996	$ 88,111,345	$ 91,590,819	$ 90,291,982	$ 93,900,171	$ 95,124,053
Percentage of Net Valuation to Est. Actual County Equal. Value	90.70%	70.81%	66.05%	61.13%	48.89%	48.12%	106.43%	107.93%	101.65%	99.79%
Total Direct Regional School Tax Rate (b)	$ 0.79	$ 0.69	$ 0.78	$ 0.77	$ 0.70	$ 0.78	$ 0.38	$ 0.42	$ 0.44	$ 0.51
							*	*		

Source: Municipal Tax Assessor

NOTE

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

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies
(b) Tax rates are per $100
* Revalued/Reassessed

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
BY CONSTITUENT DISTRICT-TOWNSHIP OF WEST AMWELL
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	$ 15,776,800	$ 21,868,200	$ 18,205,000	$ 17,647,000	$ 14,428,400	$ 12,850,000	$ 11,716,700	$ 12,194,200	$ 10,495,300	$ 9,660,400
Residential	169,172,100	204,777,100	271,308,200	328,229,700	368,686,300	373,997,100	386,011,700	393,294,500	392,962,800	390,271,500
Farm Regular	43,793,800	50,113,000	60,843,200	71,604,100	83,411,400	84,908,400	85,570,300	87,906,400	88,589,900	91,907,300
Q Farm	2,490,700	2,392,500	2,418,900	2,430,500	2,591,400	2,509,400	2,493,300	2,417,000	2,393,300	2,506,900
Commercial	22,437,699	23,356,499	26,093,999	25,825,899	25,112,399	25,112,399	25,686,669	25,084,069	28,681,669	28,610,669
Industrial	11,456,200	11,332,300	11,535,400	11,771,300	11,864,400	11,864,400	11,864,400	11,864,400	11,864,400	11,864,400
Apartment	882,400	957,300	1,118,300	1,332,200	1,476,900	1,476,900	1,476,900	1,476,900	1,476,900	1,476,900
Total Assessed Value	266,009,699	314,796,899	391,522,999	458,840,699	507,571,199	512,718,599	524,819,969	534,237,469	536,464,269	536,298,069
Public Utilities (a)	689,246	679,944	896,658	865,345	852,152	799,587	775,973	815,851	909,700	1,035,707
Net Valuation Taxable	$ 266,698,945	$ 315,476,843	$ 392,419,657	$ 459,706,044	$ 508,423,351	$ 513,518,186	$ 525,595,942	$ 535,053,320	$ 537,373,969	$ 537,333,776
Estimated Actual County Equalized) Value	$ 288,822,850	$ 309,120,958	$ 397,380,512	$ 449,170,864	$ 494,982,992 *	$ 575,156,117	$ 603,596,528	$ 620,311,859	$ 594,447,406	$ 566,091,210
Percentage of Net Valuation to Est. Actual County Equal. Value	92.34%	102.06%	98.75%	102.35%	102.72%	89.28%	87.08%	86.26%	90.40%	94.92%
Total Direct Regional School Tax Rate (b)	$ 0.71	$ 0.68 *	$ 0.60	$ 0.53	$ 0.49	$ 0.55	$ 0.60	$ 0.57	$ 0.58	$ 0.61

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per $100

* Revalued/Reassessed

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
DIRECT AND OVERLAPPING PROPERTY TAX RATES
BY CONSTITUENT DISTRICT-CITY OF LAMBERTVILLE
LAST TEN FISCAL YEARS
(RATE PER $100 OF ASSESSED VALUE)

Assessment Year		Regional School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate
		Basic Rate (a)	General Obligation Debt Service (b)	(From J-7) Total Direct School Tax Rate	Local School Tax	Municipality	County	Fire District	
2001		$ 0.86	$ 0.03	$ 0.89	$ 0.60	$ 0.30	$ 0.50	$ 0.08	$ 2.37
2002		0.95	0.02	0.97	0.61	0.30	0.56	0.10	2.54
2003	*	0.82	0.02	0.84	0.53	0.24	0.47	0.09	2.17
2004	*	0.70	0.02	0.72	0.44	0.21	0.42	0.07	1.86
2005	*	0.65	0.01	0.66	0.40	0.22	0.38	0.07	1.73
2006	*	0.55	0.06	0.61	0.37	0.19	0.34	0.08	1.59
2007	*	0.57	0.06	0.63	0.35	0.19	0.33	0.08	1.58
2008	*	0.61	0.04	0.65	0.36	0.22	0.32	0.08	1.63
2009	*	0.57	0.08	0.65	0.37	0.25	0.34	0.07	1.68
2010	*	0.61	0.09	0.70	0.41	0.25	0.34	0.07	1.77

Sources: 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 pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

* Revalued/Reassessed

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
DIRECT AND OVERLAPPING PROPERTY TAX RATES
BY CONSTITUENT DISTRICT-BOROUGH OF STOCKTON
LAST TEN FISCAL YEARS
(RATE PER $100 OF ASSESSED VALUE)

Assessment Year		Regional School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate
		Basic Rate (a)	General Obligation Debt Service (b)	(From J-7) Total Direct School Tax Rate	Local School Tax	Municipality	County	Fire District	
2001		$ 0.77	$ 0.02	$ 0.79	$ 0.86	$ 0.39	$ 0.51		$ 2.55
2002		0.67	0.02	0.69	0.95	0.43	0.64		2.71
2003		0.76	0.02	0.78	1.09	0.47	0.65		2.99
2004		0.75	0.02	0.77	1.04	0.48	0.67		2.96
2005		0.69	0.01	0.70	1.14	0.53	0.77		3.14
2006		0.71	0.07	0.78	1.24	0.55	0.74		3.31
2007	*	0.34	0.04	0.38	0.57	0.25	0.31		1.51
2008		0.39	0.03	0.42	0.60	0.28	0.31		1.61
2009		0.39	0.05	0.44	0.65	0.32	0.33		1.74
2010		0.44	0.06	0.50	0.68	0.34	0.34		1.86

Sources: 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 pre-budget by more than the spending growth limitation calculated as follow

(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.

* Revalued/Reassessed

SOUTH HUNTERDON REGIONAL HIGH SCHOOL
DIRECT AND OVERLAPPING PROPERTY TAX RATES
BY CONSTITUENT DISTRICT-TOWNSHIP OF WEST AMWELL
LAST TEN FISCAL YEARS
(RATE PER $100 OF ASSESSED VALUE)

Assessment Year		Regional School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate
		Basic Rate (a)	General Obligation Debt Service (b)	(From J-7) Total Direct School Tax Rate	Local School Tax	Municipality	County	Fire District	
2001		$ 0.69	$ 0.02	$ 0.71	$ 0.89	$ 0.04	$ 0.50		$ 2.14
2002	*	0.66	0.02	0.68	0.79	0.06	0.44		1.97
2003		0.58	0.02	0.60	0.68	0.06	0.44		1.78
2004		0.52	0.01	0.53	0.56	0.09	0.40		1.58
2005		0.48	0.01	0.49	0.60	0.10	0.37		1.56
2006		0.50	0.05	0.55	0.63	0.13	0.40		1.71
2007		0.54	0.06	0.60	0.65	0.16	0.38		1.79
2008		0.53	0.04	0.57	0.65	0.22	0.39		1.83
2009		0.51	0.07	0.58	0.66	0.25	0.38		1.87
2010		0.53	0.08	0.61	0.69	0.28	0.36		1.94

Sources: 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 pre-budget by more than the spending growth limitation calculated as follow

(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.

* Revalued/Reassessed

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
BY CONSTITUENT DISTRICT-CITY OF LAMBERTVILLE
CURRENT YEAR AND NINE YEARS AGO

	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Delcampo LLC	$ 4,705,600	1	0.65%			
Swan Creek Holding Co LP	4,026,800	2	0.56%	$ 2,813,000	2	0.82%
Hart Venture Group LLC	3,565,000	3	0.49%			
Individual Property Owner	3,072,100	4	0.42%	1,635,100	6	0.48%
BC Property Management	3,053,400	5	0.42%			
Woodrose Properties LLC	2,764,100	6	0.38%			
Allied Village Square LLC	2,647,000	7	0.37%			
DeMarco Investment Company	2,577,600	8	0.36%	2,106,700	4	0.61%
Diamond Silver LLC	2,372,650	9	0.33%	1,539,900	9	0.45%
Individual Property Owner	2,257,200	10	0.31%	1,586,400	7	0.46%
Original Lambertville House				3,496,000	1	1.02%
Lambertville Cracker Company				2,382,848	3	0.69%
CA Niece Co Inc				1,844,200	5	0.54%
LD Group				1,541,400	8	0.45%
Lambertville Village Realty				1,506,300	10	0.44%
	$ 31,041,450		4.291%	$ 20,451,848		5.95%

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
BY CONSTITUENT DISTRICT-BOROUGH OF STOCKTON
CURRENT YEAR AND NINE YEARS AGO

	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Individual Property Owner	$ 1,867,100	1	1.97%	$ 646,900	2	1.53%
Stackhouse Inn	1,836,300	2	1.93%	831,700	1	1.96%
Haverstick Properties	1,444,200	3	1.52%			
Individual Property Owner	1,230,200	4	1.30%	595,100	3	1.41%
Individual Property Owner	1,065,900	5	1.12%	475,200	4	1.12%
Bluebird Investors	942,200	6	0.99%			
Individual Property Owner	914,900	7	0.96%	399,200	6	0.94%
Individual Property Owner	905,800	8	0.95%	357,100	7	0.84%
Individual Property Owner	890,300	9	0.94%	354,000	8	0.84%
Individual Property Owner	792,900	10	0.84%	340,000	9	0.80%
My Ben Associates				447,000	5	1.06%
Individual Property Owner				330,600	10	0.78%
	$ 11,889,800		12.53%	$ 4,776,800		11.28%

Source: Municipal Tax Assessor

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
BY CONSTITUENT DISTRICT-TOWNSHIP OF WEST AMWELL
CURRENT YEAR AND NINE YEARS AGO

	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Texas Eastern Transmission Corporation	$ 5,491,900	1	1.02%	$ 6,721,000	1	2.52%
Individual Property Owner	5,302,100	2	0.99%	3,070,000	2	1.15%
JMJ Farm Holdings LLC	3,546,000	3	0.66%			
Individual Property Owner	2,931,500	4	0.55%	1,861,100	5	0.70%
Individual Property Owner	1,910,700	5	0.36%	1,599,500	9	0.60%
Individual Property Owner	1,908,100	6	0.36%			
Affordable Self Storage Inc	1,904,300	7	0.35%	1,715,800	7	0.64%
Individual Property Owner	1,802,100	8	0.34%			
Breen Real Estate LLC	1,752,500	9	0.33%	1,730,200	6	0.65%
DCD LLC	1,695,800	10	0.32%			
Lambertville Water Company				2,936,100	3	1.10%
Line 4 Incorporated				1,887,400	4	0.71%
Durling Realty LLC				1,606,000	8	0.60%
P & H Enterprises				1,554,000	10	0.58%
	$ 28,245,000		5.26%	$ 24,681,100		9.25%

Source: Municipal Tax Assessor

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-CITY OF LAMBERTVILLE
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2000	$ 7,707,664	$ 7,472,440	96.95%
2001	8,168,014	7,907,345	96.81%
2002	8,751,682	8,529,093	97.46%
2003	8,980,505	8,781,371	97.78%
2004	9,410,544	9,251,630	98.31%
2005	9,948,386	9,830,516	98.82%
2006	10,547,086	10,374,875	98.37%
2007	11,450,635	11,245,622	98.21%
2008	12,060,078	11,845,189	98.22%
2009	12,578,870	12,362,237	98.28%

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

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-BOROUGH OF STOCKTON
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2000	$ 1,091,811	$ 1,059,781	97.07%
2001	1,087,246	1,034,788	95.18%
2002	1,148,223	1,114,134	97.03%
2003	1,266,866	1,223,007	96.54%
2004	1,257,993	1,205,833	95.85%
2005	1,347,868	1,267,976	94.07%
2006	1,403,284	1,349,235	96.15%
2007	1,474,087	1,409,146	95.59%
2008	1,585,461	1,424,806	89.87%
2009	1,668,525	1,544,735	92.58%

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

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-TOWNSHIP OF WEST AMWELL
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2000	$ 4,967,454	$ 4,753,997	95.70%
2001	6,035,054	5,720,783	94.79%
2002	6,602,981	6,361,910	96.35%
2003	7,272,941	7,036,749	96.75%
2004	7,487,183	7,334,876	97.97%
2005	8,067,624	7,932,692	98.33%
2006	8,937,320	8,790,806	98.36%
2007	9,520,863	9,347,139	98.18%
2008	9,887,901	9,737,339	98.48%
2009	10,078,914	9,914,160	98.37%

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

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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2001	$ 619,000		$ 255,050			$ 874,050	0.24%	$ 128
2002	509,000		212,877			721,877	0.19%	104
2003	389,000		164,715			553,715	0.14%	79
2004	259,000		94,069			353,069	0.08%	49
2005	129,000		97,746			226,746	0.05%	32
2006	15,492,000		96,453			15,588,453	3.61%	2,153
2007	15,492,000		125,611			15,617,611	3.36%	2,160
2008	20,321,000		321,104			20,642,104	4.18%	2,847
2009	19,547,000		279,972			19,826,972	3.98%	2,734
2010	18,732,000		34,354			18,766,354	N/A	2,592

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

(a) See Exhibit J-26 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	% of Actual Taxable Value (a) of Property	Per Capita (a)
2001	$ 619,000		$ 619,000	0.08%	$ 90
2002 *	509,000		509,000	0.06%	72
2003	389,000		389,000	0.04%	54
2004	259,000		259,000	0.02%	36
2005	129,000		129,000	0.01%	18
2006	15,492,000		15,492,000	1.16%	2,142
2007	15,492,000		15,492,000	1.07%	2,137
2008	19,547,000		20,321,000	1.37%	2,803
2009	19,547,000		19,547,000	1.33%	2,699
2010	18,732,000		18,732,000	1.30%	2,587

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

(a) See Exhibit J-7 for property tax data.
(b) Population data can be found in Exhibit NJ J-14.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
BY CONSTITUENT DISTRICT-CITY OF LAMBERTVILLE
AS OF DECEMBER 31, 2009

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 11,753,623	100.00	$ 11,753,623
Local School District Debt	75,211	100.00	75,211
Regional High School	19,548,344	53.56	10,469,449
County General Obligation Debt	115,572,465	3.19	3,686,624
Total Direct and Overlapping Debt			$ 25,984,907

Sources: Assessed Value Data Used to Estimate Applicable Percentages Provided by the County Board of Taxation. Debt Outstanding Data Provided by Each Governmental Unit.

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 the Municipality. 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.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
BY CONSTITUENT DISTRICT-BOROUGH OF STOCKTON
AS OF DECEMBER 31, 2009

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 1,161,876	100.00	$ 1,161,876
Local School District Debt	-	100.00	-
Regional High School	19,548,344	6.35	1,242,100
County General Obligation Debt	115,572,465	0.37	437,383
Total Direct and Overlapping Debt			$ 2,841,359

Sources: Assessed Value Data Used to Estimate Applicable Percentages Provided by the County Board of Taxation. Debt Outstanding Data Provided by Each Governmental Unit.

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 the Municipality. 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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
BY CONSTITUENT DISTRICT-TOWNSHIP OF WEST AMWELL
AS OF DECEMBER 31, 2009

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 7,741,348	100.00	$ 7,741,348
Local School District Debt	1,145,000	100.00	1,145,000
Regional High School	19,548,344	40.09	7,836,796
County General Obligation Debt	115,572,465	2.39	2,759,584
Total Direct and Overlapping Debt			$ 19,482,728

Sources: Assessed Value Data Used to Estimate Applicable Percentages Provided by the County Board of Taxation. Debt Outstanding Data Provided by Each Governmental Unit.

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 the Municipality. 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

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Average Equalized Valuation Basis	
City of Lambertville	$ 776,282,261
Borough of Stockton	92,098,447
Township of West Amwell	581,077,919
Average Equalized Valuation of Taxable Property	$ 1,449,458,627
Debt Limit (3.5% of Average Equalization Value)	$ 50,731,052 (a)
Total Net Debt Applicable to Limit	18,732,000
Legal Debt Margin	$ 31,999,052

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 21,421,615	$ 23,137,184	$ 25,502,317	$ 28,781,100	$ 32,915,179	$ 37,846,486	$ 42,939,078	$ 47,196,500	$ 50,081,807	$ 50,731,052
Total Net Debt Applicable	619,000	509,000	389,000	259,000	129,000	20,892,344	20,892,344	20,322,344	19,548,344	18,732,000
Legal Debt Margin	$ 20,802,615	$ 22,628,184	$ 25,113,317	$ 28,522,100	$ 32,786,179	$ 16,954,142	$ 22,046,734	$ 26,874,156	$ 30,533,463	$ 31,999,052
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.89%	2.20%	1.53%	0.90%	0.39%	55.20%	48.66%	43.06%	39.03%	36.92%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey. Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

CONSTITUENT DISTRICT	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SCHOOL DISTRICT POPULATION (a)										
City of Lambertville	3,872	3,885	3,873	3,859	3,829	3,797	3,774	3,763	3,776	3,786
Borough of Stockton	561	562	563	560	556	553	550	553	551	551
Township of West Amwell	2,400	2,465	2,596	2,742	2,810	2,891	2,908	2,935	2,924	2,924
	6,833	6,912	7,032	7,161	7,195	7,241	7,232	7,251	7,251	7,261
PERSONAL INCOME (b)										
City of Lambertville	$ 206,571,200	$ 215,345,550	$ 221,187,030	$ 226,392,094	$ 229,422,193	$ 226,270,824	$ 242,766,324	$ 256,463,502	$ 259,732,160	N/A
Borough of Stockton	29,929,350	31,151,660	32,152,930	32,852,960	33,313,852	32,954,376	35,379,300	37,689,162	37,900,535	N/A
Township of West Amwell	128,040,000	136,634,950	148,257,560	160,862,172	168,366,770	172,280,472	187,060,008	200,031,990	201,127,340	N/A
	$ 364,540,550	$ 383,132,160	$ 401,597,520	$ 420,107,226	$ 431,102,815	$ 431,505,672	$ 465,205,632	$ 494,184,654	$ 498,760,035	
PER CAPITA PERSONAL INCOME										
County of Hunterdon	$ 53,350	$ 55,430	$ 57,110	$ 58,666	$ 59,917	$ 59,592	$ 64,326	$ 68,154	$ 68,785	N/A
UNEMPLOYMENT RATE (c)										
City of Lambertville	1.5%	1.9%	3.3%	3.5%	2.9%	2.8%	3.7%	3.2%	4.2%	7.6%
Borough of Stockton	1.2%	1.4%	2.6%	2.7%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Township of West Amwell	1.3%	1.6%	2.8%	3.1%	2.6%	2.5%	2.8%	2.5%	3.2%	5.9%

(a) Population Information Provided by the NJ Dept of Labor and Workforce Development
(b) Personal Income has Been Estimated Based Upon Municipal Population and Per Capita Income Presented for the County of Hunterdon
© Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2010			2001		
Employer	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction:										
Regular	32.5	32.0	32.0	32.0	36.0	34.5	35.5	35.0	32.8	32.8
Special Education	6.0	7.0	9.0	8.0	9.5	10.5	10.0	15.0	10.6	9.5
Other Special Education	6.0	3.0	3.0	5.0	7.0	7.5	7.5		10.0	6.0
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	-	1.0		
Support Services:										
Student and Instruction Related Services	4.0	6.0	6.0	5.0	6.0	6.0	7.0	12.6	11.4	9.6
General Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6	1.0	1.0
School Administrative Services	3.5	4.5	4.0	4.0	4.0	4.0	3.5	2.0	1.8	1.8
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6	1.6	1.6
Administrative Information Technology	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.3	0.3
Plant Operations and Maintenance	3.5	5.5	6.5	6.5	5.5	6.5	6.5	6.5	6.5	6.5
Pupil Transportation	6.5	7.5	6.5	8.0	8.0	7.0	7.0	8.0	7.0	9.0
Other Support Services	0.5	1.0	1.0	1.0	1.0	0.5	0.5	1.3	1.3	1.3
Total	68.0	72.5	74.0	75.5	83.0	82.5	82.5	85.6	84.3	79.4

Sources: District Personnel Records

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Average Daily Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	368.3	$ 5,955,419	$ 16,170	11.05%	48.8	1 to 7.55	368.3	343.9	-6.14%	93.37%
2002	355.8	6,165,183	17,328	7.16%	53.0	1 to 6.71	355.8	336.0	-3.39%	94.44%
2003	336.8	6,441,191	19,125	10.37%	54.2	1 to 6.21	336.8	317.5	-5.34%	94.27%
2004	329.4	7,064,656	21,447	12.14%	51.0	1 to 6.45	329.4	310.9	-2.20%	94.38%
2005	352.0	7,322,545	20,803	-3.00%	51.0	1 to 6.90	352.0	331.5	6.86%	94.18%
2006	322.9	8,342,808	25,837	24.20%	55.0	1 to 5.87	322.9	306.5	-8.27%	94.92%
2007	352.7	8,640,214	24,497	-5.19%	50.0	1 to 7.05	352.7	348.5	9.23%	98.81%
2008	341.2	9,374,039	27,474	12.15%	50.0	1 to 6.83	341.2	332.4	-3.26%	97.42%
2009	332.5	9,443,738	28,402	3.38%	53.0	1 to 6.40	332.5	327.2	-2.55%	98.41%
2010	331.2	9,139,241	27,594	-2.84%	51.0	1 to 6.49	331.2	328.6	-0.39%	99.21%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Regional High School (1959)										
Square Feet	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	99,000	99,000
Capacity (students)	400	400	400	400	400	393	393	393	572	572
Enrollment	372	355	339	329	352	333	349	350	341	325

Source: District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	*School Facilities Amount	Total
2001	$ 61,928	$ 61,928
2002	84,874	84,874
2003	124,480	124,480
2004	106,032	106,032
2005	100,547	100,547
2006	197,367	197,367
2007	94,821	94,821
2008	113,691	113,691
2009	112,871	112,871
2010	155,612	155,612
Total School Facilities	$ 1,152,223	$ 1,152,223

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
(UNAUDITED)

	Coverage	Deductible
School Package Policy-New Jersey School Boards Insurance Fund:		
Property-Blanket Building & Contents (Fund Limit)	$ 300,000,000	$ 5,000
General	11,000,000	
Blanket Bond/Employee Dishonesty	100,000	500
Automobile Liability	11,000,000	
School Board Legal Liability-New Jersey School Boards Insurance Fund:		
Directors and Officers Policy	20,000,000	5,000
School Board Errors & Omissions- New Jersey School Boards Insurance Fund:		
Policy Limit	11,000,000	
Workers Compensation- New Jersey School Boards Insurance Fund:		
Per Occurrence	2,000,000	
Environmental Impairment Liability-Zurich Insurance Co.	1,000,000	5,000
Student Accident-Markel Insurance Co.:		
Accidental Medical Expense	1,000,000	
Public Employees' Faithful Performance-Selective Insurance:		
Treasurer's Bond	200,000	
Business Administrator Bond	200,000	

Source: District Records

SINGLE AUDIT SECTION

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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Washington, NJ 07882 - 1530
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 15, 2010

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

We have audited the financial statements of the Board of Education of the South Hunterdon Regional High School District in the County of Hunterdon as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 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 Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and 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.

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

William M. Colantano, Jr.

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
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INDEPENDENT AUDITORS' 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

November 15, 2010

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

Compliance

We have audited the compliance of the Board of Education of the South Hunterdon Regional High School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2010. The 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 Board of Education's management. Our responsibility is to express an opinion on the 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; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 and state 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 or state 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.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

William M. Colantano, Jr.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERALAWARDS, SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2009 (Acct Rec) Def Revenue	Balance June 30, 2009 Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2010 Accounts Receivable	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB I	84.010A	NCLB-489010	$ 9,207	9/01/2009-8/31/2010			$ 2,990	$ 9,207			$ (6,217)		
NCLB I	84.010A	NCLB-489009	9,576	9/01/2008-8/31/2009	$ (209)		210	6,730			(6,854)	$ 125	
NCLB IIA	84.367A	NCLB-489009	8,252	9/01/2008-8/31/2009	(2,384)		2,384						
NCLB IIA	84.367A	NCLB-489010	8,186	9/01/2009-8/31/2010				6,065			(8,186)	2,121	
NCLB IID	84.318X	NCLB-489010	93	9/01/2009-8/31/2010				16			(93)	77	
NCLB IID	84.318X	NCLB-489009	80	9/01/2008-8/31/2009	(8)		80	72					
NCLB IV	84.186A	NCLB-489010	547	9/01/2009-8/31/2010				547			(547)		
ARRA IDEA Basic	84.391	ARRA-489010	73,341	9/01/2009-8/31/2011			50,287	50,286			(23,054)	23,055	
IDEA Basic	84.027	IDEA-489010	75,216	9/01/2009-8/31/2010			37,780	75,216			(37,436)		
IDEA Basic	84.027	IDEA-489009	79,753	9/01/2008-8/31/2009	(1,617)		1,617				(3,528)	3,528	
Perkins Secondary	84.048A	PERK 489009	24,183	7/01/2008-6/30/2009	(8,741)		8,741	4,647			(5,452)	805	
Perkins Secondary	84.048A	PERK 489010	24,372	7/01/2009-6/30/2010				13,558			(24,372)	10,814	
Small, Rural School Achievement Program	84.358B	S358A0 91282	37,740	7/01/2009-9/30/2010			11,974	31,019			(25,766)	6,721	
Small, Rural School Achievement Program	84.358B	S358A0 81282	39,781	7/01/2008-9/30/2009	1,942			1,942					
National Quality Program Standards Grant	84.377A	NQPS-489010	2,500	1/15/2010-6/30/2010			2,500	2,500					
School Renovation Grant Program	84.352a	03000-375	154,680	10/01/2002-6/30/2004	54,291							54,291	
Total Special Revenue Fund					43,274	$ -	118,563	201,805	$ -	$ -	(141,505)	101,537	$ -
US Department of Agriculture Passed Through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.550-	N/A	5,508	7/01/2009-6/30/2010			5,508	4,791				717	
Food Distribution Program	10.550-	N/A	6,124	7/01/2008-6/30/2009	1,432			1,432					
National School Lunch Program	10.555-	N/A	12,665	7/01/2009-6/30/2010			11,884	12,665			(781)		
National School Lunch Program	10.555-	N/A	10,291	7/01/2008-6/30/2009	(620)		620						
Total Enterprise Fund					812	-	18,012	18,888	-	-	(781)	717	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					$ 44,086	$ -	$ 136,575	$ 220,693	$ -	$ -	$ (142,286)	$ 102,254	$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2009 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2010 Accounts Receivable	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Expenditure
State Department of Education												
General Fund:												
Transportation Aid	10-495-034 -5120-014	$ 199,759	7/01/2009- 6/30/2010		$ 175,647	$ 199,759		$ (24,112)			$ (24,112)	$ 199,759
Transportation Aid	09-495-034 -5120-014	158,920	7/01/2008- 6/30/2009	$ (22,520)	22,520							
Special Education Aid	10-495-034 -5120-089	194,441	7/01/2009- 6/30/2010		170,971	194,441		(23,470)			(23,470)	194,441
Special Education Aid	09-495-034 -5120-089	193,476	7/01/2008- 6/30/2009	(27,417)	27,417							
Security Aid	10-495-034 -5120-084	27,966	7/01/2009- 6/30/2010		24,590	27,966		(3,376)			(3,376)	27,966
Security Aid	09-495-034 -5120-084	26,535	7/01/2008- 6/30/2009	(3,760)	3,760							
Adjustment Aid	10-495-034 -5120-085	195,717	7/01/2009- 6/30/2010		172,093	195,717		(23,624)			(23,624)	195,717
Adjustment Aid	09-495-034 -5120-085	281,885	7/01/2008- 6/30/2009	(39,944)	39,944							
Non-Public Remote Transportation	10-495-034 -5120-014	5,431	7/01/2009- 6/30/2010			5,431		(5,431)			(5,431)	5,431
Non-Public Remote Transportation	09-495-034 -5120-014	7,668	7/01/2008- 6/30/2009	(7,668)	7,668							
Extraordinary Special Education Costs Aid	10-495-034 -5120-473	60,034	7/01/2009- 6/30/2010			60,034		(60,034)			(60,034)	60,034
Extraordinary Special Education Costs Aid	09-100-034 -5120-473	10,390	7/01/2008- 6/30/2009	(10,390)	10,390							
On-Behalf Pension Contribution- Post Retirement Medical	10-495-034 -5095-001	241,867	7/01/2009- 6/30/2010		241,867	241,867						241,867
On-Behalf Pension Contribution- Non-contributory Insurance	10-495-034 -5095-007	12,878	7/01/2009- 6/30/2010		12,878	12,878						12,878
Reimbursement TPAF Social Security Contribution	09-495-034 -5095-002	292,953	7/01/2008- 6/30/2009	(14,234)	14,234							
Reimbursement TPAF Social Security Contribution	10-495-034 -5095-002	268,841	7/01/2009- 6/30/2010		255,521	268,841		(13,320)			(13,320)	268,841
Total General Fund				(125,933)	1,179,500	1,206,934	$ -	(153,367)	$ -	$ -	(153,367)	1,206,934

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2009 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2010 Accounts Receivable	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Expenditure
Special Revenue Fund:												
NJ Nonpublic Textbook Aid	10-100-034 -5120-064	$ 977	7/01/2009- 6/30/2010		$ 977					$ 977		
NJ Nonpublic Textbook Aid	09-100-034 -5120-064	2,059	7/01/2008- 6/30/2009	$ 2						2		$ 2,057
NJ Nonpublic Nursing Services	10-100-034 -5120-070	1,158	7/01/2009- 6/30/2010		1,158					1,158		
NJ Nonpublic Handicapped Aid	09-100-034 -5120-066	7,387	7/01/2008- 6/30/2009	1						1		7,386
Total Special Revenue Fund				3	2,135	$ -	$ -	$ -	$ -	2,138	$ -	9,443
Debt Service Fund:												
Debt Service Aid	10-495-034 -5120-017	418,940	7/01/2009- 6/30/2010		418,940	418,940						418,940
Total Service Fund				-	418,940	418,940	-	-	-	-	-	418,940
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (St Share)	09-100-010 -3350-023	821	7/01/2008- 6/30/2009	(50)	50							
National School Lunch Program (St Share)	10-100-010 -3350-023	901	7/01/2009- 6/30/2010		842	901		(59)				901
Total Enterprise Fund				(50)	892	901	-	(59)	-	-	-	901
TOTAL STATE FINANCIAL ASSISTANCE				$ (125,980)	$ 1,601,467	$ 1,626,775	$ -	$ (153,426)	$ -	$ 2,138	$ (153,367)	$ 1,636,218

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE 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, South Hunterdon Regional High School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred 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 ($20,016) for the general fund and $(75) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		$ 1,186,918	$ 1,186,918
Special Revenue Fund	$ 201,729		201,729
Debt Service Fund		418,940	418,940
Food Service Fund	18,888	901	19,789
	$ 220,617	$ 1,606,759	$ 1,827,376

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2010. TPAF Social Security Contribution 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.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unqualified
Internal Control Over Financial Reporting:	
1. Material weakness(es) identified?	Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses?	Yes X No
Noncompliance Material to Financial Statements Noted?	Yes X No
Federal Awards	NOT APPLICABLE
Internal Control Over Major Programs:	
1. Material weakness(es) identified?	Yes No
2. Reportable conditions identified that are not considered to be material weaknesses?	Yes No
Type of Auditor's Report Issued on Compliance for Major Programs?	
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133	Yes No

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)	NOT APPLICABLE
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	
Auditee qualified as a low-risk auditee	____ Yes ____ No
State Awards	
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	$300,000
Auditee Qualified as low-risk auditee	X Yes ____ No
Type of Auditor's Report Issued on Compliance for Major Programs:	Unqualified
Internal Control Over Major Programs:	
1. Material weakness(es) identified?	____ Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses?	____ Yes X No
Any Audit Findings Disclosed That are Required to be Reported in Accordance with NJ OMB Circular Letter 04-04?	____ Yes X No

Identification of Major Programs:

GMIS Numbers	Amount	Name of State Program
10-495-034-5095-002	$ 268,841	Social Security
10-495-034-5120-017	418,940	Debt Service Aid

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2010.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2010.

SOUTH HUNTERDON REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

There were no prior year findings or questioned costs.