

SCHOOL DISTRICT  
OF  
**HADDON HEIGHTS**



Haddon Heights Board of Education  
Haddon Heights, New Jersey

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

**Comprehensive Annual  
Financial Report**

**of the**

**Haddon Heights Board of Education**

**Haddon Heights, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

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

# HADDON HEIGHTS SCHOOL DISTRICT

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**Introductory Section**



# Haddon Heights Public Schools

Administrative Offices

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

**Michael W. Adams**  
Superintendent

**Mark J. Stratton**  
Business Administrator/Board Secretary

**Nancy C. Seddon**  
Director of Curriculum and Instruction

**Jocqueline Renner**  
Director of Special Education

September 27, 2012

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

Dear Board Members:

The comprehensive annual financial report of the Haddon Heights School District for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and schedules as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and finds and recommendations, are included in the single audit section of this report.

## 1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services to grade levels K-12. These include regular and vocational as well as special education for educationally disabled students. The District completed the 2011/2012 school year with an enrollment of 1340 which is 6 students less than the previous year's enrollment. The following details the changes in student enrollment over the past four years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2008/09	1350	+ 3.84%
2009/10	1409	+ 4.37%
2010/11	1346	(- 4.47%)
2011/12	1340	(-0.45%)

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

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

## 2. ECONOMIC CONDITION AND OUTLOOK:

Haddon Heights is an established, suburban environment. There is virtually no room for expansion or development. Changes in school population are caused mostly by demographics affecting movement of families into town replacing residents whose children are grown. The sending districts of Lawnside and Barrington are similar in terms of population demographics.

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

## 3. MAJOR INITIATIVES:

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

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

**Math**

Proficient	Advanced Proficient
67.6%	25%

**Language Arts Literacy**

Proficient	Advanced Proficient
78.1%	16%

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

**Math**

Proficient	Advanced Proficient
48.2%	48.2%

**Language Arts Literacy**

71.4%	8.9%
-------	------

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

**Math**

Proficient	Advanced Proficient
40%	49.2%

**Language Arts Literacy**

84.6%	6.2%
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**Science**

45.3%	53.1%
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4. NJ Ask 5 - Grade 5 - The following percentage of general education students scored above state mandated levels in the following categories:

**Math**

Proficient	Advanced Proficient
32.8%	63.9%

**Language Arts Literacy**

73.8%	13.1%
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5. NJ Ask 6 - Grade 6 - The following percentage of general education students scored above state mandated levels in the following categories:

**Math**

Proficient	Advanced Proficient
40.3%	47.8%

**Language Arts Literacy**

73.1%	10.4%
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6. NJ Ask 7 - Grade 7 - The following percentage of general education students scored above state mandated levels in the following categories:

**Math**

Proficient	Advanced Proficient
35.4%	41.8%

**Language Arts Literacy**

63.3%	7.6%
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7. NJ ASK 8 – Grade 8 - The following percentage of general education students scored above state mandated levels in the following categories:

**Math**

Proficient	Advanced Proficient
37.5%	50.0%

**Language Arts Literacy**

68.1%                      22.2%

**Science**

34.7%                      61.1%

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

- B. State Monitoring – The Haddon Heights Public Schools will be monitored under the NJQSAD process in December, 2012. In 2009, when last monitored under this process, Haddon Heights School District was designated as a High Performance School District. Results from the upcoming monitoring should be out in early 2013.
- C. Graduation Rate - The Haddon Heights Class of 2011 had a graduate rate of 97.6% (with summer school).
- D. College Placement - The Haddon Heights Class of 2011 had 90% of its graduates go on for further education. Of those 47% went on to a four year college, 43% went to a local community college, 1.7% gained employment, 1% joined the military, and 1% went on to an apprenticeship. We are continuing to see more students choose to attend a community college for their first two years due to a significant savings in cost and the easy transferability of credits.
- E. The 5-year Strategic Plan for the Haddon Heights Public Schools was collaboratively produced by educators, administrators, and members of the local community in 2009. Framed around a central mission statement, the Plan features four strategic goals, with 22 separate objectives. Haddon Heights continues to include annual goals to address continued growth plans according to our Strategic Plan.
- F. CURRICULUM-Curriculum development and revision has been a focus in Haddon Heights for the past five years. With the exception of grade 6-8 mathematics, all content curriculum documents have been updated and now include the Common Core State Standards as per NJDOE mandate. The grade 6-8 math curriculum, as per NJDOE, is due for completion and implementation as of September, 2013.

TECHNOLOGY-All Schools have fully-networked computer labs and wireless mobile labs with laptop computers. All schools have interactive Smart boards and projectors now, and technology upgrading continues to be a major focus for our school district. All teachers are integrating a variety of technology into all lessons, thus working diligently toward 21<sup>st</sup> Century teaching and learning.

**ELEMENTARY CURRICULUM:** All elementary teachers have worked with high school colleagues as well as peers from Lawnside and Barrington to collaboratively update literacy, math, social studies and science curriculum documents. The goal for our district is to help ensure that all students enter grade 9 having had the same educational preparation for success at the high school level. This has been a two-year process, and the three districts continue to work together on our “living curriculum documents”.

**HIGH SCHOOL CURRICULUM:** Again, the high school teachers have worked with all three districts’ elementary school teachers to align all curriculum documents vertically so that students who enter high school are well prepared and have equivalent background educational preparation. All Common Core State Standards have been integrated into new curriculum documents and they will be “living documents” that are modified and adjusted as needed annually.

**STAFF DEVELOPMENT:** Major staff development initiatives this year revolve around the Marzano Teacher Evaluation tool and continuous curriculum updating/development. Teachers receive additional training in technology, 21<sup>st</sup> Century Learning, differentiated instruction and data-driven instruction. Professional Learning Communities are being established at both the elementary and high school levels so that teachers collaboratively work toward common learning goals. Tri-district articulation and collaborative workshops continue to be a Haddon Heights School District focus.

#### **4. 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 theft, loss 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 assurances 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 (2) the valuation and costs and benefits requires estimates and judgments by management.

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 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.

## **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or reclassified as accounts payable.

## **6. ACCOUNTING SYSTEM AND REPORT:**

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

## **7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements," Note 2. The District has adopted a cash management plan which required 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 Act.

## **8. RISK MANAGEMENT:**

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

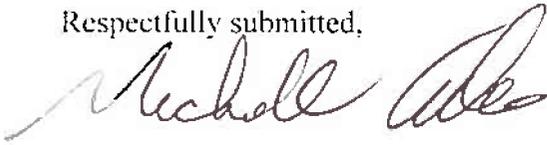
## **9. OTHER INFORMATION:**

**Independent Audit** - Some statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Stewart was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining the 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.

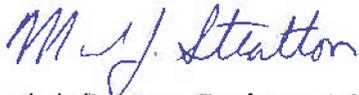
10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

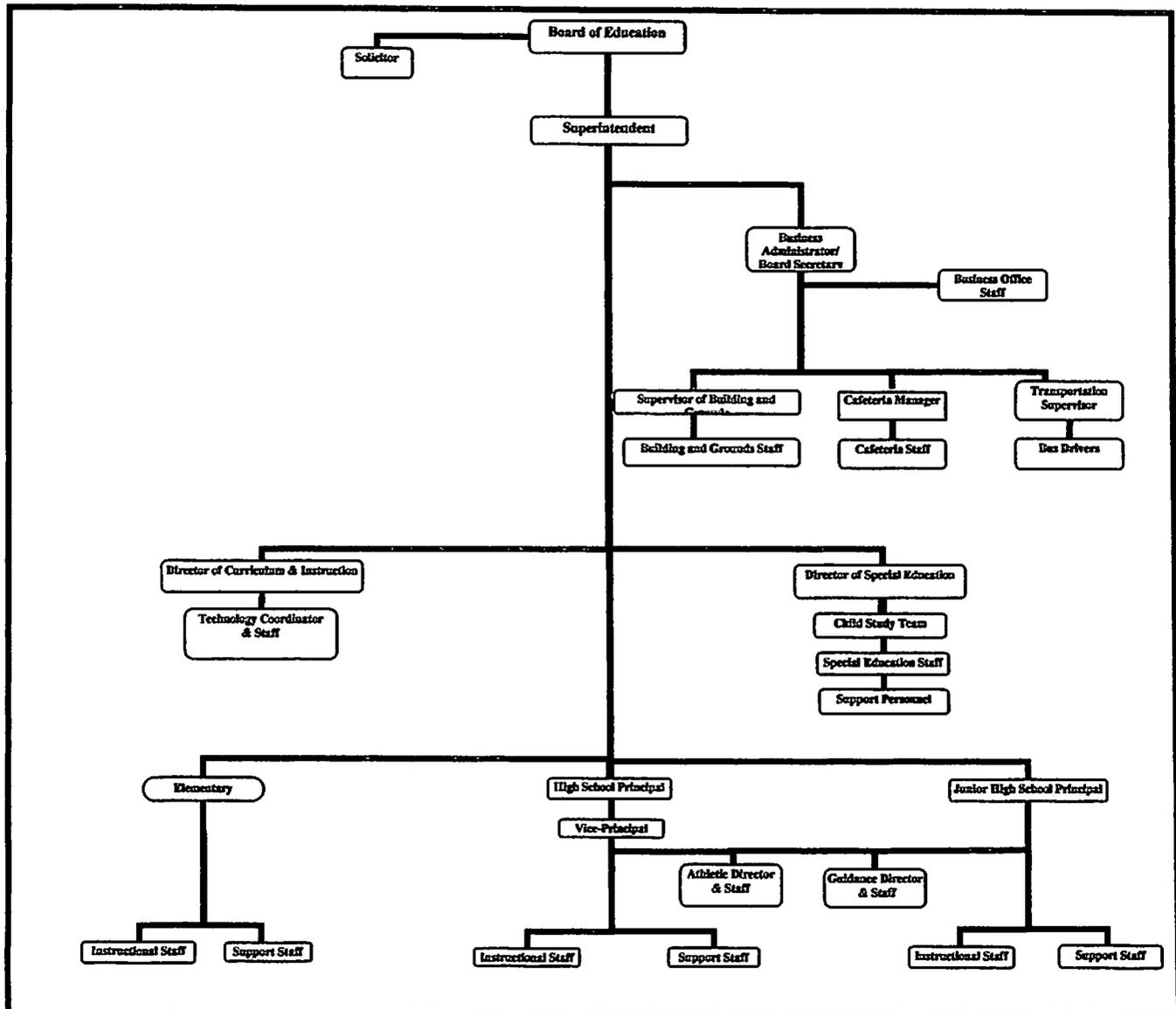
A handwritten signature in black ink, appearing to read "Michael W. Adams". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Michael W. Adams, Superintendent

A handwritten signature in blue ink, appearing to read "Mark J. Stratton". The signature is cursive and somewhat compact, with a large initial "M" and "S".

Mark J. Stratton, Business Administrator

## 1110 ORGANIZATIONAL CHART



Adopted: 10 November 2009  
Revised : 28 July 2010  
Revised: 14 September 2010



# HADDON HEIGHTS SCHOOL DISTRICT

## Roster of Officials

June 30, 2012

### Members of the Board of Education:

### Term Expires

Rebecca Kitchmire, President	2014
Joseph Lucia, Vice-President	2013
Lisa Long	2013
Therese McGee	2013
Kimberly Kluchnick	2015
Trish Shields	2015
Joseph Peters	2015
Meghan Pinsky	2014
Michael L. Harshaw	2014
Scott Manlove	Barrington Representative
Amy Pierce	Lawnside Representative

### Other Officials:

Michael Adams, Superintendent  
Mark J. Stratton, Business Administrator/Board Secretary  
Mary Bakey, Treasurer  
Joseph F. Betley, Esq. Solicitor

**HADDON HEIGHTS SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Official Depository**

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

**Financial Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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

## **INDEPENDENT AUDITOR'S REPORT**

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012 on our consideration of the Haddon Heights School District, in the County of Camden, State of New Jersey'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 accompanying management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haddon Heights School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
September 26, 2012

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Haddon Heights School District (School District), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Haddon Heights School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Haddon Heights School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated September 26, 2012.

This report is intended solely for the information and use of the management of the School District, the Division of Finance, Department of Education, State of New Jersey, 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.

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
September 26, 2012

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

**Haddon Heights School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

As management of the Board of Education of the Borough of Haddon Heights, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$10,740,560 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$315,697. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District decreased by \$546,189 from the prior fiscal year-end balance. The majority of this decrease is attributed to the using more fund balance than the district can recoup.
- Fund balance of the School District's governmental funds decreased by \$611,414 resulting in an ending fund balance of \$1,997,012.
- Business-type activities have unrestricted net assets of \$15,291, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$510,000 which is the result of the current year payments made on existing debt obligations.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

### **Notes to the Basic Financial Statements**

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

### **Other Information**

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

### **District-wide Financial Analysis**

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2012. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2012.

The assets of the primary government activities exceeded liabilities by \$10,721,965 with an unrestricted deficit balance of \$315,697. As mentioned earlier, the deficit in unrestricted net assets is primarily due to the accounting treatment for compensated absences payable, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

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

A net investment of \$9,235,607 in land, improvements, buildings and equipment which provide the services to the School District's 1,340 public school students, represents 85.98% of the School District's net assets. Net assets of \$1,805,359 have been restricted as follows:

Restricted for Future Debt Service Costs	\$ 164,765
Restricted for Future Capital Projects	203,104
Restricted for Subsequent Year's Budget	<u>1,437,490</u>
Total	<u>\$ 1,805,359</u>

**Haddon Heights School District  
Comparative Summary of Net Assets  
As of June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
Current assets	\$ 10,721,965	\$ 3,066,416	\$ 28,510	\$ 86,940	\$ 10,750,475	\$ 3,153,356
Capital assets	14,251,380	22,721,182	3,304	4,419	14,254,684	22,725,601
<b>Total assets</b>	<u>24,973,345</u>	<u>25,787,598</u>	<u>31,814</u>	<u>91,359</u>	<u>25,005,159</u>	<u>25,878,957</u>
<b>LIABILITIES</b>						
Current liabilities	1,410,368	1,159,981	13,219	46,248	1,423,587	1,206,229
Noncurrent liabilities	12,841,012	13,359,463			12,841,012	13,359,463
<b>Total liabilities</b>	<u>14,251,380</u>	<u>14,519,444</u>	<u>13,219</u>	<u>46,248</u>	<u>14,264,599</u>	<u>14,565,692</u>
<b>Net Assets</b>	<u>\$ 10,721,965</u>	<u>\$ 11,268,154</u>	<u>\$ 18,595</u>	<u>\$ 45,111</u>	<u>\$ 10,740,560</u>	<u>\$ 11,313,265</u>
<b>Net Assets Consist of:</b>						
Invested in Capital Assets	\$ 9,232,303	\$ 9,153,182	\$ 3,304	\$ 4,419	\$ 9,235,607	\$ 9,157,601
Restricted Assets	1,805,359	2,253,935			1,805,359	2,253,935
Unrestricted Assets	<u>(315,697)</u>	<u>(138,963)</u>	<u>15,291</u>	<u>40,692</u>	<u>(300,406)</u>	<u>(98,271)</u>
<b>Net Assets</b>	<u>\$ 10,721,965</u>	<u>\$ 11,268,154</u>	<u>\$ 18,595</u>	<u>\$ 45,111</u>	<u>\$ 10,740,560</u>	<u>\$ 11,313,265</u>

**Governmental Activities**

Governmental activities decreased the net assets of the School District by \$546,189 during the current fiscal year. Key elements of the decrease in net assets for governmental activities are as follows:

- Tuition revenue decreased \$1,361,061, or a decrease of 16.59% over the prior year.
- Unrestricted state aid revenues increased by \$452,677, or an increase of 52.95% over the prior year.

**Business-type Activities**

Business-type activities decreased the School District's net assets by \$26,516. Expenses increased over the prior year by \$24,734.

**Haddon Heights School District  
Comparative Schedule of Changes in Net Assets  
As of and for the Fiscal Year Ended June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Charges for services	\$ 6,841,943	\$ 8,203,004	\$ 222,526	\$ 224,193	\$ 7,064,469	\$ 8,427,197
Operating grants and contributions	2,380,315	2,362,468	94,845	89,797	2,475,160	2,452,265
Property taxes	11,083,251	10,892,028			11,083,251	10,892,028
State aid - unrestricted	1,307,573	854,896			1,307,573	854,896
State aid - restricted		37,487				37,487
Other revenues	102,337	70,725	184	283	102,521	71,008
<b>Total Revenues</b>	<b>21,715,419</b>	<b>22,420,608</b>	<b>317,555</b>	<b>314,273</b>	<b>22,032,974</b>	<b>22,734,881</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	9,772,278	9,733,336			9,772,278	9,733,336
Tuition	906,731	672,569			906,731	672,569
Related services	1,986,480	2,122,438			1,986,480	2,122,438
Administrative services	1,600,990	1,671,027			1,600,990	1,671,027
Operations and Maintenance	1,735,792	1,853,222			1,735,792	1,853,222
Transportation	283,421	278,835			283,421	278,835
Employee benefits	4,869,162	4,706,912			4,869,162	4,706,912
Interest on debt	573,969	678,579			573,969	678,579
Other	532,785	527,157			532,785	527,157
<b>Business-Type Activities:</b>						
Food Service			344,071	319,337	344,071	319,337
<b>Total Expenses</b>	<b>22,261,608</b>	<b>22,244,075</b>	<b>344,071</b>	<b>319,337</b>	<b>22,605,679</b>	<b>22,563,412</b>
<b>Increase (Decrease) in Net Assets before transfers</b>						
	(546,189)	176,533	(26,516)	(5,064)	(572,705)	171,469
<b>Transfers</b>						
Change in Net Assets	(546,189)	176,533	(26,516)	(5,064)	(572,705)	171,469
Net Assets, July 1	11,268,154	11,091,621	45,111	50,175	11,313,265	11,141,796
<b>Net Assets, June 30</b>	<b>\$ 10,721,965</b>	<b>\$ 11,268,154</b>	<b>\$ 18,595</b>	<b>\$ 45,111</b>	<b>\$ 10,740,560</b>	<b>\$ 11,313,265</b>

**Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,997,012, a decrease of \$611,414 in comparison with the prior year. All of the decrease can be attributable to the decrease in the amount of tuition revenue received when compared to the prior year.

The unassigned fund balance for the School District at the end of the fiscal year represents the unassigned fund balance for the General Fund of \$191,653. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, as follows: 1) restricted cash reserved for future capital outlay expenditures (\$203,104), 2) appropriated as a revenue source in the subsequent year's budget (\$1,437,490), or 3) reserved for future budget appropriation in accordance with state statute (\$164,765).

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

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

### **General Fund Budgetary Highlights**

There is no difference between the original budget and the revised budget.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$264,681, while total fund balance (budgetary basis) was \$1,867,785. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$20,541,524. Unreserved fund balance (budgetary basis) represents 1.28% of expenditures while total fund balance (budgetary basis) represents 9.09% of that same amount.

### **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totaled \$22,293,607 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$431,994.

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

- Depreciation expense for the current fiscal year was \$572,257.

**Haddon Heights School District  
Capital Asset (net of accumulated depreciation)  
June 30, 2012 and 2011**

	Governmental Activities		Business-Typel Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
Land	\$ 4,162	\$ 4,162			\$ 4,162	\$ 4,162
Const. in Progress					-	-
Site Improvements	161,517	128,658			161,517	128,658
Building and Building Improvements	21,887,156	22,311,473			21,887,156	22,311,473
Equipment	237,468	276,889	\$ 3,304	\$ 4,419	240,772	281,308
Net Assets	<u>\$22,290,303</u>	<u>\$ 22,721,182</u>	<u>\$ 3,304</u>	<u>\$ 4,419</u>	<u>\$ 22,293,607</u>	<u>\$ 22,725,601</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 6) of this report.

**Long-term debt** – During the fiscal year ended June 30, 2012, the School District had total bonded debt outstanding of \$13,058,000 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for compensated absences liability of \$317,012.

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

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$32,030,386 and the legal debt margin was \$18,972,386.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2012-13 fiscal year.

- For the 2012-2013 fiscal year the School District will be receiving about \$300,000 more in state aid when compared to the previous fiscal year. The district also decreased budgeted fund balance approximately \$400,000. The negotiated agreement between the School District and the teachers association has been settled, reflecting an increase of 2% for all staff. Health benefit costs increased 11%, but this is the first year of the health benefit contribution phase in, so costs for health benefits have declined for the 2012-2013 school year.
- The school district tax rate for 2012 is \$1.384 per one hundred of assessed valuation. This is a 4.5 cent increase from the previous year.

### **Requests for Information**

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

**Basic Financial Statements**

**District-Wide Financial Statements**

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,999,352	\$ 12,657	\$ 2,012,009
Receivables, net	394,355	3,891	398,246
Inventory		11,962	11,962
Restricted assets:			
Cash and cash equivalents	203,104		203,104
Deferred bond issuance costs - net	86,231		86,231
Capital assets, net (Note 6)	22,290,303	3,304	22,293,607
<b>Total Assets</b>	<b>24,973,345</b>	<b>31,814</b>	<b>25,005,159</b>
<b>LIABILITIES:</b>			
Accounts payable	306,980	13,219	320,199
Intergovernmental payable:			
State	151,418		151,418
Federal	5,502		5,502
Deferred revenue	135,899		135,899
Accrued Interest	276,569		276,569
Noncurrent liabilities (Note 7):			
Due within one year	534,000		534,000
Due beyond one year	12,841,012		12,841,012
<b>Total Liabilities</b>	<b>14,251,380</b>	<b>13,219</b>	<b>14,264,599</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	9,232,303	3,304	9,235,607
Restricted for:			
Capital projects	203,104		203,104
Debt Service	202,255		202,255
Other purposes	1,400,000		1,400,000
Unrestricted	(315,697)	15,291	(300,406)
<b>Total Net Assets</b>	<b>\$ 10,721,965</b>	<b>\$ 18,595</b>	<b>\$ 10,740,560</b>

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 6,348,578	\$ 6,841,943			\$ 493,365		\$ 493,365
Special Education	2,292,178		\$ 608,185		(1,686,013)		(1,686,013)
Other instruction	1,131,522				(1,131,522)		(1,131,522)
<b>Support Services:</b>							
Tuition	906,731				(906,731)		(906,731)
Student & instruction related services	1,986,480		88,731		(1,897,749)		(1,897,749)
General administrative services	408,697				(408,697)		(408,697)
School administrative services	910,419				(910,419)		(910,419)
Central services	281,874				(281,874)		(281,874)
Plant operations and maintenance	1,735,792				(1,735,792)		(1,735,792)
Pupil transportation	283,421				(283,421)		(283,421)
Unallocated benefits	4,869,162		1,681,073		(3,188,089)		(3,188,089)
Interest on long-term debt	573,969		4,346		(569,623)		(569,623)
Unallocated depreciation and amortization	532,785				(532,785)		(532,785)
<b>Total Governmental Activities</b>	<b>22,261,608</b>	<b>6,841,943</b>	<b>2,380,315</b>		<b>(13,039,350)</b>		<b>(13,039,350)</b>
<b>Business-Type Activities:</b>							
Food Service	344,071	\$ 222,526	94,845			\$ (26,700)	(26,700)
<b>Total Business-Type Activities</b>	<b>344,071</b>	<b>222,526</b>	<b>94,845</b>			<b>(26,700)</b>	<b>(26,700)</b>
<b>Total Primary Government</b>	<b>\$ 22,605,679</b>	<b>\$ 7,064,469</b>	<b>\$ 2,475,160</b>	<b>\$ -</b>	<b>(13,039,350)</b>	<b>(26,700)</b>	<b>(13,066,050)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					10,028,768		10,028,768
Taxes levied for debt service					1,054,483		1,054,483
Federal and State aid not restricted					1,307,573		1,307,573
Investment Earnings					903	184	1,087
Miscellaneous Income					14,467		14,467
<b>Special Items:</b>							
Cancellation of prior year contracts payable					86,967		86,967
<b>Total general revenues, special items, extraordinary items and transfers</b>					<b>12,493,161</b>	<b>184</b>	<b>12,493,345</b>
<b>Change in Net Assets</b>					<b>(546,189)</b>	<b>(26,516)</b>	<b>(572,705)</b>
Net Assets - July 1, 2011					11,268,154	45,111	11,313,265
Net Assets - June 30, 2012					<b>\$ 10,721,965</b>	<b>\$ 18,595</b>	<b>\$ 10,740,560</b>

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

**Fund Financial Statements**

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

<b>ASSETS</b>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,728,592	\$ 68,505	\$ 77,796	\$ 124,459	\$ 1,999,352
Receivables, net:					
State aid	108,312	5,674			113,986
Federal aid		277,152			277,152
Other	3,217				3,217
Restricted assets:					
Cash and cash equivalents	<u>203,104</u>				<u>203,104</u>
<b>Total Assets</b>	<u>\$ 2,043,225</u>	<u>\$ 351,331</u>	<u>\$ 77,796</u>	<u>\$ 124,459</u>	<u>\$ 2,596,811</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 248,468	\$ 58,512			\$ 306,980
Intergovernmental payable:					
State		151,418			151,418
Federal		5,502			5,502
Deferred revenue		<u>135,899</u>			<u>135,899</u>
<b>Total Liabilities</b>	<u>248,468</u>	<u>351,331</u>			<u>599,799</u>
<b>Fund Balances:</b>					
Restricted for:					
Capital reserve	203,104				203,104
Assigned to:					
Subsequent year's budget	1,400,000		\$ 77,796	\$ 37,490	1,515,286
Unassigned	<u>191,653</u>			<u>86,969</u>	<u>278,622</u>
<b>Total Fund Balances</b>	<u>1,794,757</u>		<u>77,796</u>	<u>124,459</u>	<u>1,997,012</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,043,225</u>	<u>\$ 351,331</u>	<u>\$ 77,796</u>	<u>\$ 124,459</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,476,317 and the accumulated depreciation is \$6,186,014. 22,290,303

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 86,231

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

General Obligation Bonds	\$ (13,058,000)	
Compensated Absences Payable	(317,012)	
Accrued Interest Payable	<u>(276,569)</u>	
		<u>(13,651,581)</u>

**Net assets of governmental activities** \$ 10,721,965

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 10,028,768			\$ 1,054,483	\$11,083,251
Tuition	6,841,943				6,841,943
Interest earned on investments	903				903
Miscellaneous	14,467				14,467
Total local sources	16,886,081			1,054,483	17,940,564
State sources	2,927,552	\$ 329,348		4,346	3,261,246
Federal sources	61,094	365,548			426,642
Total Revenues	19,874,727	694,896		1,058,829	21,628,452
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	6,288,766				6,288,766
Special education instruction	1,686,013	606,165			2,292,178
Other instruction	1,131,522				1,131,522
Support services and undistributed costs:					
Tuition	906,731				906,731
Student & instruction related services	1,897,749	88,731			1,986,480
General administrative services	408,697				408,697
School administrative services	910,419				910,419
Central services	281,874				281,874
Plant operations and maintenance	1,696,055				1,696,055
Pupil transportation	283,421				283,421
Unallocated employee benefits	4,869,162				4,869,162
Capital outlay	181,115				181,115
Debt service:					
Principal				510,000	510,000
Interest and other charges				580,413	580,413
Total Expenditures	20,541,524	694,896		1,090,413	22,326,833
Excess (deficiency) of revenues over (under) expenditures	(666,797)			(31,584)	(698,381)
Other Financing Sources (Uses):					
Cancellation of prior year payables			86,967		86,967
Transfer In				86,967	86,967
Transfer out			(86,967)		(86,967)
Total other financing sources (uses)				86,967	86,967
Net Change in Fund Balance	(666,797)			55,383	(611,414)
Fund balance - July 1, 2011	2,461,554		77,796	69,076	2,608,426
Fund Balance - June 30, 2012	<u>\$ 1,794,757</u>	<u>\$ -</u>	<u>\$ 77,796</u>	<u>\$ 124,459</u>	<u>\$ 1,997,012</u>

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

**HADDON HEIGHTS SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ (611,414)

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

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ (572,257)	
Fixed assets additions	<u>141,378</u>	(430,879)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

510,000

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

(4,791)

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.

6,444

In the statement of activities, certain operating expenses, (e.g. compensated absences) 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 (+)

(15,549)

Change in Net Assets of Governmental Activities

\$ (546,189)

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<u>Business-Type Activities Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$ 12,657
Accounts receivable:	
State	116
Federal	2,669
Other	1,106
Inventories	<u>11,962</u>
Total Current Assets	<u>28,510</u>
Noncurrent Assets:	
Equipment	40,541
Less - accumulated depreciation	<u>(37,237)</u>
Total Noncurrent Assets	<u>3,304</u>
Total Assets	<u>31,814</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	<u>13,219</u>
Total Current Liabilities	<u>13,219</u>
<b>NET ASSETS:</b>	
Invested in capital assets	3,304
Unrestricted	<u>15,291</u>
Total Net Assets	<u>\$ 18,595</u>

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Business-Type Activities Enterprise Funds Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 96,141
Daily sales non-reimbursable programs	
Adult and a la carte sales	105,434
Special functions	<u>20,951</u>
Total Operating Revenues	<u>222,526</u>
<b>OPERATING EXPENSES:</b>	
Salaries and fringe benefits	148,198
Management fee	19,987
Supplies and materials	9,592
Other costs	19,919
Depreciation	1,115
Cost of sales	<u>145,260</u>
Total Operating Expenses	<u>344,071</u>
Operating Income (Loss)	<u>(121,545)</u>
<b>Non-Operating Revenues:</b>	
State sources:	
State school lunch program	2,922
Federal sources:	
National school lunch program	72,253
Food distribution program	19,670
Local sources:	
Interest earned	<u>184</u>
Total Non-Operating Revenues	<u>95,029</u>
Income (Loss) before Contributions and Transfers	(26,516)
Operating Transfer In	<u>          </u>
Changes in Net Assets	(26,516)
Net Assets - July 1, 2011	<u>45,111</u>
Net Assets - June 30, 2012	<u>\$ 18,595</u>

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Business-Type Activities Enterprise Funds Food Service</b>
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from customers	\$ 222,527
Cash payments to employees for services	(148,198)
Cash payments to suppliers for goods and services	(227,808)
Net cash provided by (used for) operating activities	(153,479)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from state sources	3,355
Cash received from federal sources	101,992
Net cash provided by noncapital financing activities	105,347
<b>Cash Flows Used by Capital and Related Financing Activities:</b>	
Purchase of equipment	
<b>Cash Flow Provided by Investing Activities:</b>	
Interest on cash equivalents	184
Net increase (decrease) in cash and cash equivalents	(47,948)
Cash and cash equivalents - July 1, 2011	60,605
Cash and cash equivalents - June 30, 2012	\$ 12,657
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>	
<b>Operating Activities:</b>	
Operating income (loss)	\$ (121,545)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,115
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(91)
(Increase) decrease in inventories	71
Increase (decrease) in accounts payable	(33,029)
Net cash provided by (used for) operating activities	\$ (153,479)
<b>Noncash Noncapital Financing Activities:</b>	
During the year the District received \$19,670 of food commodities from the U.S. Department of Agriculture.	

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Trust Funds		
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 73,639	\$ 212,900	\$ 277,433
<b>Total Assets</b>	73,639	212,900	\$ 277,433
 <b>LIABILITIES:</b>			
Payroll deductions and withholdings			\$ 104,888
Due to student groups	_____	_____	172,545
<b>Total Liabilities</b>	_____	_____	\$ 277,433
 <b>NET ASSETS:</b>			
Held in trust for unemployment claims and other purposes	\$ 73,639		
Reserved for scholarships		\$ 212,900	

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS:</b>		
Contributions:		
Employee	\$ 28,809	
Donations	75,000	\$ 45,250
<b>Total Contributions</b>	<b>103,809</b>	<b>45,250</b>
Investment earnings:		
Interest	289	849
<b>Total Additions</b>	<b>104,098</b>	<b>46,099</b>
<b>DEDUCTIONS:</b>		
Unemployment claims	120,224	
Scholarships awarded		59,350
<b>Total Deductions</b>	<b>120,224</b>	<b>59,350</b>
<b>Change in Net Assets</b>	<b>(16,126)</b>	<b>(13,251)</b>
<b>Net Assets - July 1, 2011</b>	<b>89,765</b>	<b>226,151</b>
<b>Net Assets - June 30, 2012</b>	<b>\$ 73,639</b>	<b>\$ 212,900</b>

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Haddon Heights School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 12. The Haddon Heights School District has an approximate enrollment at June 30, 2012 of 1,340 students.

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

**Basis of Presentation**

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

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

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

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities 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 which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the period from the September 30, 2010 through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2012 is considered to be attributable to Ed Jobs. Ed Jobs expenditures are included as a component of overall general fund expenditures, and are also included in general fund expenditures for purposes of the excess surplus calculation.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

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

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Proprietary Funds (Continued)** - The School District's enterprise funds are:

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

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

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

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

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

**Budgets/Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2012 and 2011 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Short-Term Interfund Receivables / Payables** - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

**Accrued Salaries and Wages** - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2012, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

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

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

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**Fund Balance** - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2012.

**Restricted** - This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

**Assigned** - This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned** - This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

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

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

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17.9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$2,918,183.65 at June 30, 2012.

**3. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**3. CAPITAL RESERVE ACCOUNT (Continued)**

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

Balance July 1, 2011		\$	202,202
Increased by:			
Interest Earned	\$	902	
Board Resolution			902
			203,104
Decreased by:			
Budget Withdrawal			
Board Resolution			-
Balance June 30, 2012		\$	203,104

The June 30, 2012 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2012 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Intergovernmental				
State	\$ 108,312	\$ 5,674	\$ 116	\$ 114,102
Federal		277,152	2,669	279,821
Other	3,217		1,106	4,323
Total	\$ 111,529	\$ 282,826	\$ 3,891	\$ 398,246

**5. INVENTORY**

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$	8,749
Supplies		3,213
	\$	11,962

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b>Governmental Activities:</b>				
Land	\$ 4,162			\$ 4,162
Construction in Progress				-
<b>Total Capital Assets not being Depreciation</b>	<b>4,162</b>	<b>-</b>	<b>-</b>	<b>4,162</b>
Land Improvements	205,711	\$ 40,500		246,211
Building and Improvements	27,199,403	78,301		27,277,704
Equipment	925,663	22,577		948,240
<b>Total Historical Cost</b>	<b>28,334,939</b>	<b>141,378</b>	<b>-</b>	<b>28,476,317</b>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(77,053)	(7,641)		(84,694)
Building and Improvements	(4,887,930)	(502,618)		(5,390,548)
Equipment	(648,774)	(61,998)		(710,772)
<b>Total Accumulated Depreciation</b>	<b>(5,613,757)</b>	<b>(572,257)</b>	<b>-</b>	<b>(6,186,014)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 22,721,182</b>	<b>\$ (430,879)</b>	<b>\$ -</b>	<b>\$ 22,290,303</b>
<b>Business-Type Activities:</b>				
Equipment	\$ 40,541			\$ 40,541
Less - Accumulated Depreciation	(36,122)	\$ (1,115)		(37,237)
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 4,419</b>	<b>\$ (1,115)</b>	<b>\$ -</b>	<b>\$ 3,304</b>

Depreciation expense in the amount of \$572,257 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 44,263
Unallocated	527,994
<b>Total depreciation expense</b>	<b>\$ 572,257</b>

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**7. LONG-TERM OBLIGATIONS**

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

	<u>Principal Outstanding June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2012</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 301,463	\$ 15,549		\$ 317,012	
General Obligation Bonds	<u>13,568,000</u>		<u>\$ 510,000</u>	<u>13,058,000</u>	<u>\$ 534,000</u>
	<u>\$ 13,869,463</u>	<u>\$ 15,549</u>	<u>\$ 510,000</u>	<u>\$ 13,375,012</u>	<u>\$ 534,000</u>

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

1998 Lease Purchase Bonds dated October 15, 1999 in the amount of \$70,000 due in semi-annual installments through May 15, 2013, bearing interest rate of 4.95%.

2003 Taxable Refunding Bonds dated April 29, 2003 in the amount of \$114,000 due in annual installments through October 1, 2012, bearing interest rate of 1.90% to 5.70%.

2005 General Obligation Bonds dated July 1, 2005 in the amount of \$12,874,000 due in annual installments through January 1, 2030, bearing interest rate of 4.25% to 4.375%.

As of June 30, 2012, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 534,000	\$ 551,334	\$ 1,085,334
2014	550,000	533,860	1,083,860
2015	570,000	510,485	1,080,485
2016	595,000	486,260	1,081,260
2017	614,000	460,972	1,074,972
2018-2022	3,410,000	1,893,888	5,303,888
2023-2027	4,090,000	1,114,012	5,204,012
2028-2030	<u>2,695,000</u>	<u>234,668</u>	<u>2,929,668</u>
	<u>\$ 13,058,000</u>	<u>\$ 5,785,479</u>	<u>\$ 18,843,479</u>

As of June 30, 2012 the School District had no authorizations to issue additional bonded debt.

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**8. OPERATING LEASES**

At June 30, 2012, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$36,272 for the fiscal year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 37,136
2014	20,340
2015	20,340
2016	15,374
2017	11,192
	<u>\$ 104,382</u>

**9. PENSION PLANS**

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

***Teachers' Pension and Annuity Fund (TPAF)***

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

***Public Employees' Retirement System (PERS)***

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

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**9. PENSION PLANS (Continued)**

***Public Employees' Retirement System (PERS)***

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2012	\$ 69,610	\$ 139,220	\$ 13,305	\$ 222,135
2011	74,744	122,043	14,722	211,509
2010	56,818	73,004	18,003	147,825

***Defined Contribution Retirement Program (DCRP)***

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the School District's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Employee Contribution</u>	<u>Paid by School District</u>
2012	\$ 5,102	\$ 3,301	\$ 1,801
2011	-	-	-
2010	-	-	-

**Related Party Investments** – The Division of Pensions and Benefits does not invest in securities issued by the School District.

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**10. POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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

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

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2012 was \$623,007, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2012, the School District has recognized as revenues and expenditures \$309,914 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$748,152 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

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

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

**Joint Insurance Pool** - The School District is a member of the School Alliance Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Lawrenceville, New Jersey, 08648.

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**12. RISK MANAGEMENT (Continued)**

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 75,289	\$ 28,809	\$ 120,224	\$ 73,639
2011	100,713	29,727	142,762	89,765
2010	922	29,391	22,383	102,087

**13. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

**14. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2012, the liability for compensated absences in the governmental activities was \$317,012.

**15. CONTINGENCIES**

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2012, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**Haddon Heights School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**

**16. DEFICIT UNRESTRICTED NET ASSETS**

As of June 30, 2012, a deficit of \$315,697 existed in the Unrestricted Net Assets of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Assets reported on Exhibited A-1 is as follows:

Balances, June 30, 2012:	
Fund Balance - Unassigned	\$ 191,653
Add - Unamortized Bond Issuance Costs	86,231
Liabilities:	
Accrued Interest Payable	(276,569)
Compensated Absences	<u>(317,012)</u>
Unrestricted Net Assets (Deficit)	<u>\$ (315,697)</u>

**17. FUND BALANCES**

**RESTRICTED**

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund:**

**Capital Reserve** – As of June 30, 2012, the balance in the capital reserve account is \$203,104. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Capital Projects Fund** – As of June 30, 2012, the restricted fund balance amount was \$77,796 all of which was restricted for debt service expenditures.

**Debt Service Fund** – As of June 30, 2012, the restricted fund balance amount was \$124,459 of which \$37,490 has been designated for utilization in the 2012-2013 budget and \$86,969 is restricted for future debt service expenditures.

**ASSIGNED**

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2013, \$1,400,000 of general fund balance at June 30, 2012.

**UNASSIGNED**

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** – As of June 30, 2012, \$191,653 of general fund balance was unassigned.

**Required Supplementary Information - Part II**

**Budgetary Comparison Schedules**

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 10,028,768		\$ 10,028,768	\$ 10,028,768	
Tuition	6,790,230		6,790,230	6,841,943	\$ 51,713
Interest earned on capital reserve				903	903
Unrestricted misc. revenues	75,000		75,000	14,467	(60,533)
<b>Total local sources</b>	<b>16,893,998</b>		<b>16,893,998</b>	<b>16,886,081</b>	<b>(7,917)</b>
State sources:					
Categorical special education aid	461,813		461,813	461,813	
Equalization aid	442,999		442,999	442,999	
Security aid	64,837		64,837	64,837	
Transportation aid	21,551		21,551	101,206	79,655
Adjustment aid				119,705	119,705
Extraordinary aid				69,561	69,561
Nonpublic transportation aid				2,958	2,958
Anti-Bullying aid				481	481
On-behalf TPAF pension contr. (non-budgeted)				932,921	932,921
Reimbursed TPAF social security contribution (non-budgeted)				748,152	748,152
<b>Total state sources</b>	<b>991,200</b>		<b>991,200</b>	<b>2,944,633</b>	<b>1,953,433</b>
Federal sources:					
Education Jobs Fund	59,238	\$ 1,856	61,094	61,094	
<b>Total federal sources</b>	<b>59,238</b>	<b>1,856</b>	<b>61,094</b>	<b>61,094</b>	
<b>TOTAL REVENUES</b>	<b>17,944,436</b>	<b>1,856</b>	<b>17,946,292</b>	<b>19,891,808</b>	<b>1,945,516</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool/Kindergarten	94,995	34,211	129,206	122,867	6,339
Grades 1-5	1,435,571		1,435,571	1,430,481	5,090
Grades 6-8	1,065,231	(49,411)	1,015,820	975,012	40,808
Grades 9-12	3,667,520	(68,050)	3,599,470	3,507,746	91,724
Regular Programs - Home Instruction:					
Salaries of teachers	13,500	3,430	16,930	16,820	110
Other purchased services	7,000	177	7,177	7,177	
Regular Programs - Undistributed Instruction:					
Purchased professional educational services	4,481	5,136	9,617	8,061	1,556
Purchased technical services	23,000	(3,086)	19,914	18,075	1,839
Other purchased services	70,950	(3,294)	67,656	50,875	16,781
General supplies	174,702	62	174,764	151,652	23,112
Textbooks	5,600	476	6,076	6,076	6,076
<b>Total - regular programs - instruction</b>	<b>6,562,550</b>	<b>(80,349)</b>	<b>6,482,201</b>	<b>6,288,766</b>	<b>193,435</b>

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

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**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Special Education Instruction:</b>					
<b>Multiple Disabilities:</b>					
Salaries of teachers	\$ 58,470	\$ 3,278	\$ 61,748	\$ 61,748	
Other salaries for instruction	40,000	(800)	39,200	38,710	\$ 490
General supplies	4,000	158	4,158	3,883	275
Textbooks	2,000	(851)	1,149	1,134	15
<b>Total multiple disabilities</b>	<b>104,470</b>	<b>1,785</b>	<b>106,255</b>	<b>105,475</b>	<b>780</b>
<b>Resource room/resource center:</b>					
Salaries of teachers	1,276,550	15,589	1,292,139	1,292,139	
Other salaries for instruction	141,750	16,036	157,786	156,604	1,182
General supplies	8,500	1,000	9,500	8,582	918
Textbooks	5,000	(4,000)	1,000	1,000	
<b>Total resource room/resource center</b>	<b>1,431,800</b>	<b>28,625</b>	<b>1,460,425</b>	<b>1,458,325</b>	<b>2,100</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of teachers	80,570	554	81,124	80,531	593
Other salaries for instruction	40,500	(300)	40,200	40,066	134
General supplies	2,000	(365)	1,635	1,616	19
<b>Total preschool disabilities - part-time</b>	<b>123,070</b>	<b>(111)</b>	<b>122,959</b>	<b>122,213</b>	<b>746</b>
<b>Total Special Education - Instruction</b>	<b>1,659,340</b>	<b>30,299</b>	<b>1,689,639</b>	<b>1,686,013</b>	<b>3,626</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of teachers	419,860	25,663	445,523	445,523	
<b>Total basic skills/remedial - instruction</b>	<b>419,860</b>	<b>25,663</b>	<b>445,523</b>	<b>445,523</b>	
<b>Bilingual Education - Instruction</b>					
Salaries of teachers	41,694	(13,000)	28,694	27,922	772
<b>Total bilingual education - instruction</b>	<b>41,694</b>	<b>(13,000)</b>	<b>28,694</b>	<b>27,922</b>	<b>772</b>
<b>School-Sponsored Cocurricular Act - Instruction:</b>					
Salaries	105,720	2,215	107,935	107,295	640
Transfer to cover deficit (agency funds)	8,000		8,000		8,000
<b>Total school-sponsored cocurr. act. - instruc.</b>	<b>113,720</b>	<b>2,215</b>	<b>115,935</b>	<b>107,295</b>	<b>8,640</b>
<b>School-Sponsored Athletics - Instruction:</b>					
Salaries	334,305	25,280	359,585	350,937	8,648
Transfers to cover deficit (agency funds)	182,870	13,255	196,125	196,125	
<b>Total school-sponsored athletics - instruc.</b>	<b>517,175</b>	<b>38,535</b>	<b>555,710</b>	<b>547,062</b>	<b>8,648</b>

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

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**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction:					
Salaries	\$ 4,000		\$ 4,000	\$ 3,720	\$ 280
Total other instructional - instruc.	4,000		4,000	3,720	280
<b>Total Instruction</b>	<b>9,318,339</b>	<b>\$ 3,363</b>	<b>9,321,702</b>	<b>9,106,301</b>	<b>215,401</b>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - spec	108,000	(52,400)	55,600	51,245	4,355
Tuition to County Voc School Dist. - reg	11,400		11,400	11,400	
Tuition to CSSD & reg. day schools	40,000	142,294	182,294	179,670	2,624
Tuition to priv. sch. for the disabled in state	696,935	(32,519)	664,416	664,416	
Total undistributed expenditures - instruction	856,335	57,375	913,710	906,731	6,979
Attendance and Social Work:					
Salaries	66,010	10	66,020	64,960	1,060
Supplies and materials	5,100		5,100	3,931	1,169
Total attendance and social work	71,110	10	71,120	68,891	2,229
Health Services:					
Salaries	358,158	3,673	361,831	360,775	1,056
Supplies and materials	4,889	(100)	4,789	2,803	1,986
Other objects	1,000	100	1,100	1,100	
Total health services	364,047	3,673	367,720	364,678	3,042
Speech, OT, PT, & Related Services:					
Salaries	81,310	7,572	88,882	88,707	175
Supplies and materials	3,000	(1,000)	2,000	407	1,593
Total speech, ot, pt & related services	84,310	6,572	90,882	89,114	1,768
Guidance:					
Salaries of other professional staff	406,581	9,419	416,000	416,000	
Salaries of secretarial and clerical staff	65,460		65,460	64,748	712
Purchased professional - educational services	5,500	(1,500)	4,000	1,983	2,017
Other purchased services	9,850		9,850	7,428	2,422
Supplies and materials	5,800		5,800	4,032	1,768
Total guidance	493,191	7,919	501,110	494,191	6,919
Child Study Teams:					
Salaries of other professional staff	447,468	14,598	462,066	442,757	19,309
Salaries of secretarial and clerical assistants	58,700	(2,401)	56,299	55,825	474
Purchased professional - educational services	60,000	12,665	72,665	72,665	
Other purchased prof. and tech. services	30,000	(10,370)	19,630	19,630	
Miscellaneous purchased services	3,500	1,060	4,560	4,560	
Supplies and materials	5,000	1,887	6,887	6,474	413
Total child study teams	604,668	17,439	622,107	601,911	20,196

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

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**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Improvement of Instructional Services:</b>					
Salaries supervisor of instruction	\$ 106,703		\$ 106,703	\$ 106,141	\$ 562
Salaries of secretarial and clerical assistants	21,438	\$ 816	22,254	22,254	
<b>Total improvement of instructional services</b>	<b>128,141</b>	<b>816</b>	<b>128,957</b>	<b>128,395</b>	<b>562</b>
<b>Educational Media Services/School Library:</b>					
Salaries	109,400	(3,725)	105,675	105,025	650
Purchased prof. and technical services	1,840		1,840	881	959
Supplies and materials	47,029	(1,095)	45,934	20,966	24,968
<b>Total educational media services/school library</b>	<b>158,269</b>	<b>(4,820)</b>	<b>153,449</b>	<b>126,872</b>	<b>26,577</b>
<b>Instructional Staff Training Services:</b>					
Salaries of other professional staff	12,001		12,001	11,794	207
Other objects	27,640	(184)	27,456	11,903	15,553
<b>Total instructional staff training services</b>	<b>39,641</b>	<b>(184)</b>	<b>39,457</b>	<b>23,697</b>	<b>15,760</b>
<b>General Administration:</b>					
Salaries	196,679	300	196,979	196,844	135
Legal services	60,000	(9,849)	50,151	16,310	33,841
Audit fees	27,500		27,500	26,500	1,000
Architectural/Engineering Services	20,000	(300)	19,700		19,700
Other purchased professional services	43,685		43,685	28,606	15,079
Communications / telephone	53,600	5,000	58,600	47,950	10,650
BOE other purchased services	6,200	(4,700)	1,500		1,500
Miscellaneous purchased services	45,250	5,367	50,617	46,570	4,047
Supplies and materials	4,500	3,319	7,819	7,242	577
Misc. expenditures	23,500	5,863	29,363	28,647	716
BOE membership dues and fees	11,000		11,000	10,028	972
<b>Total general administration</b>	<b>491,914</b>	<b>5,000</b>	<b>496,914</b>	<b>408,697</b>	<b>88,217</b>
<b>School Administration:</b>					
Salaries of principals/assist. principals	559,114	35,591	594,705	572,324	22,381
Salaries of secretarial and clerical assistants	269,200	4,387	273,587	273,452	135
Other purchased services	37,713	19,381	57,094	47,499	9,595
Supplies and materials	14,782	(2,085)	12,697	9,960	2,737
Other objects	9,000		9,000	7,184	1,816
<b>Total school administration</b>	<b>889,809</b>	<b>57,274</b>	<b>947,083</b>	<b>910,419</b>	<b>36,664</b>
<b>Central Services:</b>					
Salaries	260,960		260,960	257,568	3,392
Purchased technical services	15,100		15,100	14,353	747
Other purchased services	8,500		8,500	6,342	2,158
Supplies and materials	9,000		9,000	1,862	7,138
Other objects	2,450		2,450	1,749	701
<b>Total central services</b>	<b>296,010</b>		<b>296,010</b>	<b>281,874</b>	<b>14,136</b>
<b>Required Maintenance School Facilities:</b>					
Salaries	216,281	(1,427)	214,854	212,898	1,956
Cleaning, repair, and maintenance services	81,000		81,000	72,941	8,059
General supplies	69,500	(1,000)	68,500	47,308	21,192
<b>Total required maintenance school facilities</b>	<b>366,781</b>	<b>(2,427)</b>	<b>364,354</b>	<b>333,147</b>	<b>31,207</b>

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

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**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Custodial Services:</b>					
Salaries	\$ 630,406	\$ (351)	\$ 630,055	\$ 596,507	\$ 33,548
Cleaning, repair, and maintenance services	9,250	(1,617)	7,633	3,224	4,409
Other purchased property services	48,000	4,117	52,117	48,153	3,964
Insurance	44,850		44,850	43,760	1,090
Miscellaneous purchased services	19,750		19,750	14,800	4,950
General supplies	92,500	(2,500)	90,000	75,160	14,840
Energy (electricity)	350,000		350,000	309,431	40,569
Energy (natural gas)	233,000		233,000	110,527	122,473
Other objects	3,500	1,000	4,500	4,468	32
<b>Total custodial services</b>	<b>1,431,256</b>	<b>649</b>	<b>1,431,905</b>	<b>1,206,030</b>	<b>225,875</b>
<b>Care &amp; Upkeep of Grounds</b>					
Salaries	94,100		94,100	94,100	
<b>Total care &amp; upkeep of grounds</b>	<b>94,100</b>		<b>94,100</b>	<b>94,100</b>	
<b>Security:</b>					
Salaries	61,000	1,778	62,778	62,778	
<b>Total security</b>	<b>61,000</b>	<b>1,778</b>	<b>62,778</b>	<b>62,778</b>	
<b>Total operation &amp; maint. of plant services</b>	<b>1,953,137</b>		<b>1,953,137</b>	<b>1,686,055</b>	<b>257,082</b>
<b>Student Transportation Services:</b>					
Salaries for pupil trans. (between home & school)					
- special	24,000	(5,000)	19,000	18,580	420
Salaries (other than between home & school)	23,000	(4,748)	18,252		18,252
Salaries for pupil trans. (between home & school)					
- nonpublic	20,500	(2,702)	17,798	12,531	5,267
Management fee - ESC	5,000	750	5,750	5,021	729
Cleaning, repair, and maintenance services	18,000	(7,759)	10,241	7,792	2,449
Contr. serv. (not bet. home & school) - vendors	8,000	(541)	7,459	7,459	
Contr serv (bet. home and school) - joint agree.	5,000	(5,000)			
Contr. serv. (special ed. students.) - ESCs	170,000	25,000	195,000	194,961	39
Contr. serv. - aid in lieu of payments	18,000		18,000	18,000	
Supplies and materials	17,000	397	17,397	17,397	
Other objects	4,000	(397)	3,603	1,680	1,923
<b>Total student transportation services</b>	<b>312,500</b>		<b>312,500</b>	<b>283,421</b>	<b>29,079</b>
<b>Unallocated Benefits - Employee Benefits:</b>					
Social security contributions	275,000	(16,573)	258,427	243,450	14,977
Other retirement contributions - PERS	225,000		225,000	223,935	1,065
Unemployment compensation		75,000	75,000	75,000	
Workmen's compensation	107,000		107,000	104,287	2,713
Health benefits	2,855,168	(211,008)	2,644,160	2,499,093	145,067
Tuition reimbursement	17,000		17,000	15,000	2,000
Other employee benefits	31,000		31,000	27,324	3,676
<b>Total unallocated benefits - employee benefits</b>	<b>3,510,168</b>	<b>(152,581)</b>	<b>3,357,587</b>	<b>3,188,089</b>	<b>169,498</b>
<b>On-behalf TPAF pension contr. (non-budgeted)</b>				<b>932,921</b>	<b>(932,921)</b>
<b>Reimbursed TPAF social security contr. (non-budgeted)</b>				<b>748,152</b>	<b>(748,152)</b>
<b>Total Undistributed Expenditures</b>	<b>10,253,250</b>	<b>(1,507)</b>	<b>10,251,743</b>	<b>11,254,108</b>	<b>(1,002,365)</b>
<b>Total General Current Expense</b>	<b>19,571,589</b>	<b>1,856</b>	<b>19,573,445</b>	<b>20,360,409</b>	<b>(786,964)</b>

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

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**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed expenditures:					
Required maintenance for school fac. Special schools (All Programs)	\$ 15,000	\$ (15,000) 15,000	\$ 15,000	\$ 9,976	\$ 5,024
Total Equipment	15,000		15,000	9,976	5,024
Facilities Acquisition and Construction Services:					
Construction services	125,000		125,000	123,414	1,586
Other objects	47,725		47,725	47,725	
Total Facilities Acquisition and Constr. Services	172,725		172,725	171,139	1,586
Total Capital Outlay	187,725		187,725	181,115	6,610
<b>TOTAL EXPENDITURES</b>	<b>19,759,314</b>	<b>1,856</b>	<b>19,761,170</b>	<b>20,541,524</b>	<b>(780,354)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,814,878)		(1,814,878)	(649,716)	1,165,162
<b>Other Financing Sources:</b>					
Transfers out					
Transfers In					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(1,814,878)		(1,814,878)	(649,716)	1,165,162
Fund Balance - July 1, 2011	2,517,501		2,517,501	2,517,501	
Fund Balance - June 30, 2012	<u>\$ 702,623</u>	<u>\$ -</u>	<u>\$ 702,623</u>	<u>\$ 1,867,785</u>	<u>\$ 1,165,162</u>
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance:					
Capital reserve				\$ 203,104	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				1,400,000	
Unassigned Fund Balance:				264,681	
				<u>1,867,785</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(73,028)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,794,757</u>	

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Education Jobs Funds**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal sources:					
Education Stabilization Funds	\$ 59,238	\$ 1,856	\$ 61,094	\$ 61,094	
<b>Total Revenues</b>	<u>59,238</u>	<u>1,856</u>	<u>61,094</u>	<u>61,094</u>	
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
School - Sponsored Athletics - Instruction:					
Salaries	59,238	1,856	61,094	61,094	
<b>Total - Regular Programs - Instruction</b>	<u>59,238</u>	<u>1,856</u>	<u>61,094</u>	<u>61,094</u>	
<b>Total Expenditures</b>	<u>59,238</u>	<u>1,856</u>	<u>61,094</u>	<u>61,094</u>	
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State sources	\$ 480,766		\$ 480,766	\$ 329,348	\$ (151,418)
Federal sources	501,293		501,293	365,548	(135,745)
<b>Total Revenues</b>	<b>982,059</b>		<b>982,059</b>	<b>694,896</b>	<b>(287,163)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	33,381		33,381	17,117	16,264
Purchased professional - educ. services	17,259		17,259	5,490	11,769
Other purchased services	449,328		449,328	297,920	151,408
Tuition	198,562		198,562	198,562	
Travel	967		967	150	817
General supplies	84,871		84,871	54,968	29,903
Textbooks	31,968		31,968	31,958	10
Other objects	2,252		2,252		2,252
<b>Total instruction</b>	<b>818,588</b>		<b>818,588</b>	<b>606,165</b>	<b>212,423</b>
Support services:					
Salaries of teachers	27,276		27,276	7,309	19,967
Salaries of other professional staff	1,615		1,615		1,615
Personal services - employee benefits	7,009		7,009	2,944	4,065
Purchased professional - educ. services	108,746		108,746	70,489	38,257
Other purchased services	1,000		1,000	726	274
Travel	14,695		14,695	5,480	9,215
Supplies and materials	3,130		3,130	1,783	1,347
Other objects	22,283				
<b>Total support services</b>	<b>185,754</b>		<b>163,471</b>	<b>88,731</b>	<b>74,740</b>
Facilities acquisition and construction services:					
Instructional equipment					
<b>Total facilities acq. and const. services</b>					
<b>Total Expenditures</b>	<b>1,004,342</b>		<b>982,059</b>	<b>694,896</b>	<b>287,163</b>
<b>Total Outflows</b>	<b>1,004,342</b>		<b>982,059</b>	<b>694,896</b>	<b>287,163</b>
<b>Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2012**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 19,891,808	\$ 694,896
<b>Difference - budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	55,947	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(73,028)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 19,874,727</u>	<u>\$ 694,896</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 20,541,524	\$ 694,896
<b>Differences - budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,541,524</u>	<u>\$ 694,896</u>

**Other Supplementary Information**

**Special Revenue Fund**

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2012**

	Nonpublic ESL	Nonpublic Home Instruction	Title I	Title I Carryover	Title II A	IDEA Basic	IDEA Preschool	Carryforward from Exh. E-1A	Total
<b>REVENUES:</b>									
State sources	\$ 8,189	\$ 5,674		\$ 1,453	\$ 32,914	\$ 267,504	\$ 7,750	\$ 315,485	\$ 329,348
Federal sources			\$ 44,448					11,479	365,548
<b>Total Revenues</b>	<b>8,189</b>	<b>5,674</b>	<b>44,448</b>	<b>1,453</b>	<b>32,914</b>	<b>267,504</b>	<b>7,750</b>	<b>326,964</b>	<b>694,896</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers			17,117						17,117
Purchased prof. educ. services			4,740		750				5,490
Other purchased services	8,189	5,674						284,057	297,920
Tuition						198,562			198,562
Travel			150						150
General supplies			371	1,453	22,146	15,054	6,806	9,138	54,968
Textbooks								31,958	31,958
<b>Total instruction</b>	<b>8,189</b>	<b>5,674</b>	<b>22,378</b>	<b>1,453</b>	<b>22,896</b>	<b>213,616</b>	<b>6,806</b>	<b>325,153</b>	<b>606,165</b>
Support services:									
Salaries of teachers			829		5,000	395		1,085	7,309
Personal services-employee benefits			2,944						2,944
Purchased prof. educ. services			17,150		600	52,739			70,489
Travel			1,142		4,238	100			5,480
Other purchased services								726	726
Supplies and materials			5		180	654	944		1,783
<b>Total support services</b>			<b>22,070</b>		<b>10,018</b>	<b>53,888</b>	<b>944</b>	<b>1,811</b>	<b>88,731</b>
Facilities acquisition and const. serv.:									
Instructional equipment									
<b>Total facilities acq. and const. serv.</b>									
<b>Total Expenditures</b>	<b>8,189</b>	<b>5,674</b>	<b>44,448</b>	<b>1,453</b>	<b>32,914</b>	<b>267,504</b>	<b>7,750</b>	<b>326,964</b>	<b>694,896</b>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Nonpublic Comp. Ed.</u>	<u>Nonpublic Transport.</u>	<u>Nonpublic Exam/ Classification</u>	<u>Nonpublic Speech</u>	<u>Nonpublic Supplemental Instruction</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Carl Perkins</u>	<u>Total</u>
<b>REVENUES:</b>									
State sources	\$ 122,484	\$ 5,716	\$ 41,054	\$ 44,550	\$ 24,061	\$ 31,958	\$ 45,662		\$ 315,485
Federal sources								\$ 11,479	11,479
<b>Total Revenues</b>	<b>122,484</b>	<b>5,716</b>	<b>41,054</b>	<b>44,550</b>	<b>24,061</b>	<b>31,958</b>	<b>45,662</b>	<b>11,479</b>	<b>326,964</b>
<b>EXPENDITURES:</b>									
Instruction:									
Other purchased services	122,484	5,716	41,054	44,550	24,061		45,662	530	284,057
General supplies								9,138	9,138
Textbooks						31,958			31,958
<b>Total instruction</b>	<b>122,484</b>	<b>5,716</b>	<b>41,054</b>	<b>44,550</b>	<b>24,061</b>	<b>31,958</b>	<b>45,662</b>	<b>9,668</b>	<b>325,153</b>
Support services:									
Salaries of teachers								1,085	1,085
Other purchased services								726	726
<b>Total support services</b>								<b>1,811</b>	<b>1,811</b>
Facilities acquisition and const. serv.:									
Instructional equipment									
<b>Total facilities acq. and const. serv.</b>									
<b>Total Expenditures</b>	<b>122,484</b>	<b>5,716</b>	<b>41,054</b>	<b>44,550</b>	<b>24,061</b>	<b>31,958</b>	<b>45,662</b>	<b>11,479</b>	<b>326,964</b>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

**Capital Projects Fund**

**HADDON HEIGHTS SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year ended June 30, 2012**

<b>Revenues and Other Financing Sources:</b>	
Cancellation of Prior Year Payable	\$ 86,967
Total revenues and other financing sources	<u>86,967</u>
<b>Expenditures and Other Financing (Uses):</b>	
Transfer to Debt Service Fund	<u>86,967</u>
Total expenditures and other financing (uses)	<u>86,967</u>
Excess (deficiency) or revenues over (under) expenditures	0
Fund Balance - July 1, 2011	<u>77,796</u>
Fund Balance - June 30, 2012	<u>\$ 77,796</u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Renovations to High School - Lease Purchase Project**  
**From Inception and for the Fiscal Year ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
Lease Purchase	\$ 908,243		\$ 908,243	\$ 908,243
Interest Earned	42,570		42,570	42,570
Cancellation of Reserve	76,757		76,757	76,757
Total revenues	<u>1,027,570</u>		<u>1,027,570</u>	<u>1,027,570</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	305		305	305
Construction services	907,289		907,289	907,289
Equipment	35,918		35,918	35,918
Debt service payment on lease purchase	6,262		6,262	6,262
	<u>949,774</u>		<u>949,774</u>	<u>949,774</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 77,796</u>	<u>\$ -</u>	<u>\$ 77,796</u>	<u>\$ 77,796</u>

**Proprietary Funds**

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Net Assets**  
**June 30, 2012**

	<u>Food Service Fund</u>
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 12,657
<b>Accounts receivable:</b>	
State	116
Federal	2,669
Other	1,106
Inventories	<u>11,962</u>
<b>Total Current Assets</b>	<u>28,510</u>
<b>Noncurrent Assets:</b>	
Equipment	40,541
Less - accumulated depreciation	<u>(37,237)</u>
<b>Total Noncurrent Assets</b>	<u>3,304</u>
<b>Total Assets</b>	<u>31,814</u>
 <b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Accounts payable	13,219
<b>Total Current Liabilities</b>	<u>13,219</u>
 <b>NET ASSETS:</b>	
Capital	3,304
Unrestricted	<u>15,291</u>
<b>Total Net Assets</b>	<u>\$ 18,595</u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Food Service Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 96,141
Daily sales non-reimbursable programs	
Adult and alacarte sales	105,434
Special functions	20,951
	<hr/>
Total Operating Revenues	<u>222,526</u>
<b>OPERATING EXPENSES:</b>	
Salaries and fringe benefits	148,198
Management fee	19,987
Supplies and materials	9,592
Other costs	19,919
Depreciation	1,115
Cost of sales	145,260
	<hr/>
Total Operating Expenses	<u>344,071</u>
Operating Income (Loss)	<u>(121,545)</u>
<b>Non-Operating Revenues:</b>	
State sources:	
State school lunch program	2,922
Federal sources:	
National school lunch program	72,253
Food distribution program	19,670
Local sources:	
Interest earned	184
	<hr/>
Total Non-Operating Revenues	<u>95,029</u>
Income (Loss) before Contributions and Transfers	(26,516)
Operating Transfer In	<hr/>
Changes in Net Assets	(26,516)
Net Assets - July 1, 2011	<u>45,111</u>
Net Assets - June 30, 2012	<u>\$ 18,595</u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Food Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from customers	\$ 222,527
Cash payments to employees for services	(148,198)
Cash payments to suppliers for goods and services	<u>(227,808)</u>
Net cash provided by (used for) operating activities	<u>(153,479)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from state sources	3,355
Cash received from federal sources	<u>101,992</u>
Net cash provided by noncapital financing activities	<u>105,347</u>
<b>Cash Flows Used by Capital and Related Financing Activities:</b>	
Purchase of equipment	<u>          </u>
<b>Cash Flow Provided by Investing Activities:</b>	
Interest on cash equivalents	<u>184</u>
Net increase (decrease) in cash and cash equivalents	(47,948)
Cash and cash equivalents - July 1, 2011	<u>60,605</u>
Cash and cash equivalents - June 30, 2012	<u>\$ 12,657</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>	
<b>Operating Activities:</b>	
Operating income (loss)	\$ (121,545)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,115
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(91)
(Increase) decrease in inventories	71
Increase (decrease) in accounts payable	<u>(33,029)</u>
Net cash provided by (used for) operating activities	<u>\$ (153,479)</u>
<b>Noncash Noncapital Financing Activities:</b>	
During the year the District received \$19,670 of food commodities from the U.S. Department of Agriculture.	

**Fiduciary Funds**

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2012**

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 73,639	\$ 212,900	\$ 172,545	\$ 104,888	\$ 563,972
<b>Total Assets</b>	<u>73,639</u>	<u>212,900</u>	<u>\$ 172,545</u>	<u>\$ 104,888</u>	<u>563,972</u>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll deductions payable				\$ 104,888	104,888
Due to student groups			<u>\$ 172,545</u>		<u>172,545</u>
<b>Total Liabilities</b>			<u>\$ 172,545</u>	<u>\$ 104,888</u>	<u>277,433</u>
<b>NET ASSETS:</b>					
Held in trust for unemployment claims	73,639				73,639
Held in trust for scholarships		<u>212,900</u>			<u>212,900</u>
<b>Total Net Assets</b>	<u>\$ 73,639</u>	<u>\$ 212,900</u>			<u>\$ 286,539</u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
<b>Additions:</b>			
Interest on investments	\$ 849	\$ 289	\$ 1,138
Contributions	45,250	75,000	120,250
Employee withholdings		28,809	28,809
Total Additions	<u>46,099</u>	<u>104,098</u>	<u>150,197</u>
<b>Deductions:</b>			
Unemployment compensation insurance claims		120,224	120,224
Scholarships	59,350		59,350
Total Deductions	<u>59,350</u>	<u>120,224</u>	<u>179,574</u>
Change in Net Assets	(13,251)	(16,126)	(29,377)
Net Assets - July 1, 2011	<u>226,151</u>	<u>89,765</u>	<u>315,916</u>
Net Assets - June 30, 2012	<u>\$ 212,900</u>	<u>\$ 73,639</u>	<u>\$ 286,539</u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2012</u>
High School	\$ 112,905	\$ 314,470	\$ 292,573	\$ (16,198)	\$ 118,604
Atlantic Avenue School	3,999	6,657	4,873		5,783
Seventh Avenue School	2,081	4,026	3,628		2,479
Glenview Avenue School	2,942	14,601	15,131		2,412
Elementary Extra-Curricular	1,205	1,570	1,901		874
Co-Curricular Non-Athletic	(7,620)	16,572	19,124	6,985	(3,187)
District	37,043	79,161	97,324		18,880
Athletics	29,990	181,524	195,776	(75)	15,663
Pay to Play		51,895	41,227	75	10,743
Miscellaneous		1,194	10,113	9,213	294
<b>Total all schools</b>	<u><u>\$ 182,545</u></u>	<u><u>\$ 671,670</u></u>	<u><u>\$ 681,670</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 172,545</u></u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b>ASSETS:</b>				
Cash and cash equivalents	<u>\$ 278,130</u>	<u>\$ 14,383,488</u>	<u>\$ 14,556,730</u>	<u>\$ 104,888</u>
Total Assets	<u>\$ 278,130</u>	<u>\$ 14,383,488</u>	<u>\$ 14,556,730</u>	<u>\$ 104,888</u>
 <b>LIABILITIES:</b>				
Net payroll		\$ 8,308,024	\$ 8,308,024	
Payroll deductions and withholdings	<u>\$ 278,130</u>	<u>6,075,464</u>	<u>6,248,706</u>	<u>\$ 104,888</u>
Total Liabilities	<u>\$ 278,130</u>	<u>\$ 14,383,488</u>	<u>\$ 14,556,730</u>	<u>\$ 104,888</u>

## Long-Term Debt Schedules

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Statement of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2012**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
			Date	Amount					
Renovations and Improvements to various school buildings Principal Paid 5/1 Interest Paid 5/1 & 9/1	5/1/97	\$ 2,333,000				\$ 213,000		\$ 213,000	
Taxable Refunding Bonds Principal Paid 10/1 Interest Paid 10/1 & 4/1	4/29/03	810,000	10/1/12	\$ 114,000	1.90% to 5.70%	216,000		102,000	\$ 114,000
Certificates of Participation Renovations to High School Principal Paid 11/1 & 5/1 Interest Paid 11/1 & 5/1	11/01/98	800,000	2012/13	70,000	4.95%	140,000		70,000	70,000
Renovations and Improvements to various school buildings Principal Paid 4/1 Interest Paid 4/1 & 10/1	7/1/05	13,569,000	1/1/13	350,000	4.25%	12,999,000		125,000	12,874,000
			1/1/14	550,000	4.25%				
			1/1/15	570,000	4.25%				
			1/1/16	595,000	4.25%				
			1/1/17	614,000	4.25%				
			1/1/18	640,000	4.25%				
			1/1/19	660,000	4.25%				
			1/1/20	680,000	4.25%				
			1/1/21	700,000	4.25%				
			1/1/22	730,000	4.25%				
			1/1/23	760,000	4.25%				
			1/1/24	790,000	4.25%				
			1/1/25	820,000	4.25%				
			1/1/26	850,000	4.25%				
			1/1/27	870,000	4.25%				
			1/1/28	880,000	4.25%				
			1/1/29	905,000	4.30%				
1/1/30	910,000	4.375%							
						<u>\$ 13,568,000</u>	<u>\$ -</u>	<u>\$ 510,000</u>	<u>\$ 13,058,000</u>

**HADDON HEIGHTS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For The Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,054,483		\$ 1,054,483	\$ 1,054,483	
<b>Total local sources</b>	<b>1,054,483</b>		<b>1,054,483</b>	<b>1,054,483</b>	
State sources:					
State Aid	4,346		4,346	4,346	
<b>Total Revenues</b>	<b>1,058,829</b>		<b>1,058,829</b>	<b>1,058,829</b>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Lease Purchase Agreement:					
Redemption of principal	70,000		70,000	70,000	
Interest payment	6,064		6,064	6,063	\$ 1
Interest on early retirement of bonds	9,227		9,227	9,226	1
Interest on bonds	565,124		565,124	565,124	
Redemption of principal	440,000		440,000	440,000	
<b>Total regular debt service</b>	<b>1,090,415</b>		<b>1,090,415</b>	<b>1,090,413</b>	<b>2</b>
Excess (Deficiency) of revenues over (under) expenditures	(31,586)		(31,586)	(31,584)	2
Other Financing Sources (Uses):					
Transfer In				86,967	86,967
Transfer out					
<b>Net Change in Fund Balance</b>	<b>(31,586)</b>		<b>(31,586)</b>	<b>55,383</b>	<b>86,969</b>
Fund Balance - July 1, 2011	69,076		69,076	69,076	
Fund Balance - June 30, 2012	<u>\$ 37,490</u>	<u>\$ -</u>	<u>\$ 37,490</u>	<u>\$ 124,459</u>	<u>\$ 86,969</u>
<b>Recapitulation of Excess (Deficiency) or revenues over (under) expenditures</b>					
<b>Budgeted Fund Balance</b>	<u>\$ (31,586)</u>	<u>\$ -</u>	<u>\$ (31,586)</u>	<u>\$ (31,584)</u>	<u>\$ 2</u>

**Statistical Section**

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

J-1

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 664,633	\$ (13,466)	\$ 241,426	\$ 7,117,362	\$ 8,498,924	\$ 8,859,631	\$ 9,130,657	\$ 9,099,308	\$ 9,153,182	\$ 9,232,303
Restricted for:										
Capital projects			(349)	471,467	174,906	72,483	232,137	202,000	202,202	203,104
Debt service			76,758	322,458	78,789	166,429	192,437	136,147	69,076	202,255
Other purposes	307,341	579,403	532,273	644,129	785,110	1,123,739	1,412,841	1,986,242	1,982,657	1,400,000
Unrestricted	(738,581)	(352,220)	(336,857)	(841,801)	(538,179)	(363,938)	(309,007)	(332,076)	(138,963)	(315,697)
<b>Total governmental activities net assets</b>	<b>\$ 233,393</b>	<b>\$ 213,717</b>	<b>\$ 513,251</b>	<b>\$ 7,713,615</b>	<b>\$ 8,999,550</b>	<b>\$ 9,858,344</b>	<b>\$ 10,659,065</b>	<b>\$ 11,091,621</b>	<b>\$ 11,268,154</b>	<b>\$ 10,721,965</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 16,760	\$ 13,859	\$ 11,992	\$ 10,273	\$ 7,889	\$ 8,558	\$ 6,887	\$ 5,534	\$ 4,419	\$ 3,304
Unrestricted	15,330	12,681	8,325	5,302	7,770	7,340	22,554	44,641	40,662	15,291
<b>Total business-type activities net assets</b>	<b>\$ 32,090</b>	<b>\$ 26,720</b>	<b>\$ 20,317</b>	<b>\$ 15,575</b>	<b>\$ 15,659</b>	<b>\$ 15,898</b>	<b>\$ 29,441</b>	<b>\$ 50,175</b>	<b>\$ 45,111</b>	<b>\$ 18,595</b>
<b>District-wide:</b>										
Invested in capital assets, net of related debt	\$ 681,393	\$ 393	\$ 253,418	\$ 7,127,635	\$ 8,506,813	\$ 8,868,189	\$ 9,137,544	\$ 9,104,842	\$ 9,157,601	\$ 9,235,607
Restricted:										
Capital projects	-	-	(349)	471,467	174,906	72,483	232,137	202,000	202,202	203,104
Debt service	-	-	76,758	322,458	78,789	166,429	192,437	136,147	69,076	202,255
Other purposes	307,341	579,403	532,273	644,129	785,110	1,123,739	1,412,841	1,986,242	1,982,657	1,400,000
Unrestricted	(723,251)	(339,359)	(328,532)	(836,499)	(530,409)	(356,598)	(286,453)	(287,435)	(88,271)	(300,406)
<b>Total district net assets</b>	<b>\$ 265,483</b>	<b>\$ 240,437</b>	<b>\$ 533,568</b>	<b>\$ 7,729,190</b>	<b>\$ 9,015,209</b>	<b>\$ 9,874,242</b>	<b>\$ 10,688,506</b>	<b>\$ 11,141,796</b>	<b>\$ 11,313,265</b>	<b>\$ 10,740,560</b>

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

		Fiscal Year Ending June 30,									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses:</b>											
<b>Governmental activities:</b>											
<b>Instruction:</b>											
Regular	\$ 7,207,077	\$ 7,325,041	\$ 7,983,410	\$ 6,452,459	\$ 6,672,626	\$ 6,568,663	\$ 7,062,092	\$ 6,534,308	\$ 7,016,943	\$ 6,348,578	
Special education	1,079,055	1,421,253	1,871,566	1,271,129	1,374,378	1,409,584	1,496,208	2,365,330	1,637,470	2,292,178	
Other instruction	893,310	989,060	1,077,755	883,557	931,949	989,845	1,063,020	1,079,270	1,078,914	1,131,522	
<b>Support Services:</b>											
Tuition	942,137	995,587	1,015,748	1,038,007	1,157,060	1,204,880	722,839	696,444	672,569	906,731	
Student & instruction related services	1,788,757	1,919,992	1,992,282	1,603,318	1,898,488	1,895,719	2,000,692	2,222,222	2,122,438	1,966,480	
School administrative services	845,557	869,759	879,450	713,351	761,705	815,323	848,691	853,327	866,562	910,419	
General and business administrative services	593,933	601,719	931,663	744,597	717,961	700,279	769,412	724,357	804,465	690,571	
Plant operations and maintenance	1,220,256	1,687,262	1,374,328	1,209,994	1,383,070	1,925,888	2,040,892	2,026,025	1,853,222	1,735,792	
Pupil transportation	310,843	359,292	387,663	367,713	373,070	353,369	319,488	224,359	278,835	283,421	
Business and other support services	250,771	279,239									
Unallocated employee benefits				3,682,058	4,493,041	4,721,409	4,189,919	4,280,924	4,706,912	4,869,162	
Interest on long-term debt	126,786	147,729	162,681	659,614	703,349	661,319	776,363	642,884	678,579	573,969	
Unallocated depreciation	29,495	21,385	25,988	132,814	25,199	82,350	525,233	531,646	527,157	532,785	
<b>Total governmental activities expenses</b>	<b>15,288,077</b>	<b>16,638,218</b>	<b>17,402,534</b>	<b>18,758,611</b>	<b>20,491,893</b>	<b>21,338,628</b>	<b>21,814,949</b>	<b>22,181,096</b>	<b>22,244,075</b>	<b>22,261,608</b>	
<b>Business-type activities:</b>											
Food service	333,696	345,998	363,940	354,152	270,637	310,527	325,484	330,208	319,337	344,071	
<b>Total business-type activities expense</b>	<b>333,696</b>	<b>345,998</b>	<b>363,940</b>	<b>354,152</b>	<b>270,637</b>	<b>310,527</b>	<b>325,484</b>	<b>330,208</b>	<b>319,337</b>	<b>344,071</b>	
<b>Total district expenses</b>	<b>\$ 15,621,773</b>	<b>\$ 16,984,216</b>	<b>\$ 17,766,474</b>	<b>\$ 19,112,763</b>	<b>\$ 20,762,530</b>	<b>\$ 21,649,155</b>	<b>\$ 22,140,433</b>	<b>\$ 22,511,304</b>	<b>\$ 22,563,412</b>	<b>\$ 22,605,679</b>	
<b>Program Revenues:</b>											
<b>Governmental activities:</b>											
<b>Charges for services:</b>											
Instruction (tuition)	\$ 3,125,068	\$ 3,585,603	\$ 4,032,082	\$ 4,601,958	\$ 5,098,341	\$ 6,122,995	\$ 6,928,773	\$ 8,016,589	\$ 8,203,004	\$ 6,841,943	
Operating grants and contributions	1,719,089	1,869,343	2,003,675	2,184,852	2,845,131	2,687,258	2,021,227	2,493,938	2,362,468	2,360,315	
Capital grants and contributions	19,262			6,983,012	297,063	31,036	17,113	19,157	37,487		
<b>Total governmental activities program revenues</b>	<b>4,863,419</b>	<b>5,454,946</b>	<b>6,035,757</b>	<b>13,769,822</b>	<b>8,240,535</b>	<b>8,841,289</b>	<b>8,967,113</b>	<b>10,529,684</b>	<b>10,602,959</b>	<b>9,222,258</b>	

(Continued)

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

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Changes for services:										
Food services	278,913	288,803	304,115	296,256	176,815	244,923	260,137	252,531	224,183	222,526
Operating grants and contributions	48,991	51,552	52,978	52,365	53,325	65,354	78,590	98,066	89,797	94,845
Capital grants and contributions										
Total business-type activities program revenues	327,904	340,355	357,093	348,621	230,140	310,277	338,697	350,597	313,980	317,371
Total district program revenues	\$ 5,181,323	\$ 5,795,301	\$ 6,392,850	\$ 14,118,443	\$ 8,270,675	\$ 9,151,566	\$ 9,305,810	\$ 10,689,261	\$ 10,916,949	\$ 9,539,629
Net (Expense)/Revenue:										
Governmental activities	\$ (10,424,658)	\$ (11,183,272)	\$ (11,366,777)	\$ (4,898,789)	\$ (12,251,358)	\$ (12,497,339)	\$ (12,847,836)	\$ (11,651,412)	\$ (11,841,116)	\$ (13,038,350)
Business-type activities	(5,782)	(5,643)	(6,847)	(5,531)	(40,487)	(250)	13,213	20,389	(5,347)	(26,700)
Total district-wide net expense	\$ (10,430,450)	\$ (11,188,915)	\$ (11,373,624)	\$ (4,984,320)	\$ (12,291,855)	\$ (12,497,589)	\$ (12,834,623)	\$ (11,631,023)	\$ (11,846,463)	\$ (13,065,050)
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes levied for general purposes, net	8,947,627	9,094,645	9,372,586	9,667,877	10,093,566	10,451,834	10,636,263	9,574,359	9,821,086	10,028,768
Taxes levied for debt service	292,613	347,593	426,795	426,201	1,139,338	1,091,460	1,217,979	1,037,718	1,070,942	1,054,483
Unrestricted grants and contributions	1,494,817	1,677,533	1,804,523	1,727,725	1,720,518	1,773,417	1,728,931	1,247,441	1,247,441	1,307,573
Investment earnings	719	306	1,032	248,577	453,704	84,187	20,092	2,074	202	903
Miscellaneous income	75,615	53,519	59,373	118,673	170,137	394,441	45,292	222,376	70,523	14,467
Reclassification of professional services						(429,206)				
Cancellation of prior year contracts payable										86,967
Transfers					(40,000)					
Total governmental activities	10,811,391	11,163,586	11,666,311	12,189,153	13,537,293	13,356,133	13,648,557	12,093,968	11,817,649	12,493,161
Business-type activities:										
Investment earnings	282	273	444	789	581	489	330	345	283	184
Total business-type activities	282	273	444	789	581	489	330	345	283	184
Total district-wide	\$ 10,811,673	\$ 11,163,859	\$ 11,666,755	\$ 12,189,942	\$ 13,537,874	\$ 13,356,622	\$ 13,648,887	\$ 12,094,313	\$ 11,817,932	\$ 12,493,345
Change in Net Assets:										
Governmental activities	\$ 386,733	\$ (19,676)	\$ 299,534	\$ 7,200,364	\$ 1,286,935	\$ 859,794	\$ 800,721	\$ 432,566	\$ 176,533	\$ (546,189)
Business-type activities	(5,510)	(5,370)	(6,403)	(4,742)	84	239	13,543	20,734	(5,064)	(26,516)
Total district-wide	\$ 381,223	\$ (25,046)	\$ 293,131	\$ 7,195,622	\$ 1,288,019	\$ 859,033	\$ 814,264	\$ 453,290	\$ 171,469	\$ (572,705)

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

J-3

		Fiscal Year Ending June 30,									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:											
Restricted for:											
Excess surplus			\$ 80,340	\$ 132,273	\$ 244,129	\$ 10,110	\$ 500,709	\$ 871,364	\$ 914,878	\$ 89,983	
Capital reserve								200,000	202,000	202,202	\$ 203,104
Assigned to:											
Year-end encumbrances							303,030				
Designated for subsequent year's budget		\$ 225,000	410,000	400,000	400,000	775,000	320,000	541,477	1,071,364	1,814,878	1,400,000
Unassigned		562,204	370,926	236,885	252,173	307,304	332,303	314,842	305,585	354,491	191,653
Total general fund		<u>\$ 787,204</u>	<u>\$ 861,266</u>	<u>\$ 769,158</u>	<u>\$ 896,302</u>	<u>\$ 1,092,414</u>	<u>\$ 1,456,042</u>	<u>\$ 1,927,683</u>	<u>\$ 2,493,827</u>	<u>\$ 2,461,554</u>	<u>\$ 1,794,757</u>
All Other Governmental Funds											
Assigned to, reported in:											
Special revenue fund		\$ (1,935)									
Capital projects fund		6,241	\$ 6,241	\$ (349)	\$ 471,467	\$ 247,505	\$ 145,082	\$ 109,935	\$ 77,798	\$ 77,796	\$ 77,796
Debt service fund		96,918	82,822	76,758	322,458	6,190	93,830	114,639	58,349	69,076	124,459
Total all other governmental funds		<u>\$ 101,224</u>	<u>\$ 89,063</u>	<u>\$ 76,409</u>	<u>\$ 793,925</u>	<u>\$ 253,695</u>	<u>\$ 238,912</u>	<u>\$ 224,574</u>	<u>\$ 136,147</u>	<u>\$ 146,872</u>	<u>\$ 202,255</u>

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax levy	\$ 9,240,240	\$ 9,432,238	\$ 9,801,383	\$ 10,094,178	\$ 11,232,934	\$ 11,543,294	\$ 11,854,242	\$ 10,612,077	\$ 10,892,028	\$ 11,083,251
Tuition charges	3,125,068	3,585,603	4,032,082	4,601,958	5,098,341	6,122,995	6,928,773	8,016,589	8,203,004	6,841,943
Interest earnings	719	306	1,032	248,577	453,704	84,187	20,092	2,074	202	903
Miscellaneous	75,615	53,519	59,373	118,673	170,137	384,441	45,292	222,376	70,523	14,467
State sources	2,897,867	3,199,310	3,507,648	10,525,131	4,362,960	4,140,828	3,420,025	3,043,213	2,700,934	3,261,246
Federal sources	335,300	347,566	364,211	400,907	499,752	350,883	347,246	717,323	553,917	426,642
<b>Total revenue</b>	<b>15,674,809</b>	<b>16,618,542</b>	<b>17,765,729</b>	<b>25,989,424</b>	<b>21,817,828</b>	<b>22,626,628</b>	<b>22,615,670</b>	<b>22,613,652</b>	<b>22,420,608</b>	<b>21,628,452</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	5,540,905	5,716,175	6,080,597	6,298,930	6,443,732	6,579,660	6,991,566	6,465,221	7,114,163	6,288,766
Special education instruction	829,374	1,100,261	1,274,912	1,271,129	1,374,376	1,409,584	1,496,208	2,365,330	1,637,479	2,292,178
Other instruction	720,649	802,284	885,635	883,557	931,949	989,845	1,063,020	1,079,270	1,078,914	1,131,522
<b>Support Services:</b>										
Tuition	942,137	995,587	1,015,748	1,038,007	1,157,060	1,204,880	722,839	696,444	672,569	906,731
Student & instruction related services	1,429,818	1,543,067	1,570,145	1,603,318	1,898,488	1,895,719	2,000,692	2,222,222	2,122,438	1,988,480
School administrative services	664,186	704,863	691,162	713,351	761,705	815,323	848,691	853,327	866,562	910,419
General and business admin. services	658,716	706,067	736,523	706,531	679,530	698,351	767,484	723,890	804,465	690,571
Plant operations and maintenance	1,126,233	1,134,653	1,265,126	1,390,954	1,463,123	1,922,979	1,928,739	1,810,980	1,853,222	1,896,055
Pupil transportation	295,862	343,660	365,087	367,713	373,070	353,369	319,488	224,359	278,835	283,421
Other support services	2,598,599	2,923,402	3,296,536	3,682,058	4,483,041	4,721,409	4,189,919	4,280,924	4,706,912	4,869,162
Capital outlay	207,494	565,150	268,756	20,511,740	1,161,714	591,899	601,136	283,098	204,459	181,115
<b>Debt service:</b>										
Principal	195,000	220,000	302,000	307,000	426,960	427,000	446,703	482,000	497,000	510,000
Interest and other charges	126,786	147,729	138,264	124,476	957,198	666,282	781,882	648,870	605,138	580,413
<b>Total expenditures</b>	<b>15,335,759</b>	<b>16,902,898</b>	<b>17,870,491</b>	<b>38,898,764</b>	<b>22,121,946</b>	<b>22,276,300</b>	<b>22,158,367</b>	<b>22,135,935</b>	<b>22,442,156</b>	<b>22,326,833</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>339,050</b>	<b>(284,356)</b>	<b>(104,762)</b>	<b>(12,909,340)</b>	<b>(304,118)</b>	<b>350,328</b>	<b>457,303</b>	<b>477,717</b>	<b>(21,548)</b>	<b>(698,381)</b>
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing				13,569,000						
Capital lease		346,257		185,000						
Cancelation of prior year contracts payable										86,967
Transfers in	42,120			245,465	449,382	84,187		31,507	37,487	
Transfers out	(42,120)			(245,465)	(489,382)	(85,670)		(31,507)	(37,487)	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>346,257</b>	<b>-</b>	<b>13,754,000</b>	<b>(40,000)</b>	<b>(1,483)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,967</b>
<b>Net change in fund balances</b>	<b>\$ 339,050</b>	<b>\$ 61,901</b>	<b>\$ (104,762)</b>	<b>\$ 844,660</b>	<b>\$ (344,118)</b>	<b>\$ 348,845</b>	<b>\$ 457,303</b>	<b>\$ 477,717</b>	<b>\$ (21,548)</b>	<b>\$ (611,414)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.13%</b>	<b>2.25%</b>	<b>2.50%</b>	<b>2.35%</b>	<b>6.60%</b>	<b>5.04%</b>	<b>5.70%</b>	<b>5.17%</b>	<b>4.96%</b>	<b>4.92%</b>

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Admission Fees</u>	<u>Prior Year Refunds</u>	<u>E-Rate Rebates</u>	<u>Rentals</u>	<u>Sale of Property</u>	<u>Settlement</u>	<u>Contributions</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 19,187	\$ 3,134,641	\$ 3,380	\$ 15,964		\$ 12,000				\$ 934	\$ 3,186,108
2004	22,807	3,585,603		16,185	\$ 2,925	8,583			\$ 1,000	2,019	3,639,122
2005	39,536	4,032,082	5,029	6,090	1,449	2,520				4,749	4,091,455
2006	325,017	4,601,958		42,233							4,969,208
2007	602,833	5,098,341		7,256						13,752	5,722,182
2008	177,557	6,122,995		7,836			\$ 283,235				6,591,623
2009	61,954	6,928,773		3,430							6,994,157
2010	27,217	8,016,589		69,061				\$ 125,000		3,172	8,241,039
2011	16,068	8,203,004		47,693						6,964	8,273,729
2012	11,086	6,841,903		4,324							6,857,313
	<u>\$ 1,303,262</u>	<u>\$ 56,565,889</u>	<u>\$ 8,409</u>	<u>\$ 220,072</u>	<u>\$ 4,374</u>	<u>\$ 23,103</u>	<u>\$ 283,235</u>	<u>\$ 125,000</u>	<u>\$ 1,000</u>	<u>\$ 31,590</u>	<u>\$ 58,565,934</u>

Source: District records

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

66

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Apartment</b>	<b>Total Assessed Value</b>	<b>Public Utilities a</b>	<b>Net Valuation Taxable</b>	<b>Tax-Exempt Property</b>	<b>Total Direct School Tax Rate b</b>	<b>Estimated Actual (County Equalized) Value</b>
2003	\$ 702,000	\$ 344,437,600	\$ 46,591,600	\$ 295,700	\$ 5,751,700	\$ 397,778,600	\$ 684,580	\$ 398,463,180	\$ 53,393,400	\$ 2.343	\$ 465,968,985
2004	664,800	345,868,100	46,379,900	295,700	5,751,700	398,960,200	591,005	399,551,205	53,183,000	2.407	508,652,615
2005	810,700	347,159,800	45,563,800	295,700	5,751,700	399,581,700	499,974	400,081,674	53,555,200	2.486	574,958,534
2006	853,800	348,358,400	45,765,500	295,700	5,751,700	401,025,100	392,310	401,417,410	53,567,400	2.657	670,080,456
2007	R 1,584,700	732,517,900	82,034,800	517,600	7,595,100	824,250,100	660,779	824,910,879	90,472,900	1.380	800,748,238
2008	2,398,400	728,223,300	82,956,400	517,600	7,692,600	821,788,300	904,619	822,692,919	90,750,600	1.422	806,342,529
2009	3,204,900	725,568,400	82,776,000	517,600	7,541,600	819,608,500	989,017	820,597,517	91,970,400	1.369	805,984,355
2010	2,415,100	728,656,700	81,469,300	517,600	6,152,900	819,211,600	1,332,502	820,544,102	94,724,800	1.311	807,881,871
2011	1,659,700	730,546,500	81,102,700	517,600	6,285,800	820,112,300	1,051,913	821,164,213	95,507,700	1.339	802,994,315
2012	1,581,400	730,944,100	80,731,600	517,600	6,445,100	820,219,800	1,016,981	821,236,781	94,707,300	1.384	Not available

**Source:**  
Municipal Tax Assessor

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

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

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

J-7

Fiscal Year Ended June 30,	Haddon Heights School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Haddon Heights	Library	Camden County	
2003	\$ 2.273	\$ 0.070	\$ 2.343	\$ 0.833		\$ 1.055	\$ 4.231
2004	2.334	0.073	2.407	0.867		1.048	4.322
2005	2.379	0.107	2.486	0.975		1.113	4.574
2006	2.551	0.106	2.657	1.101		1.262	5.020
2007	R 1.248	0.132	1.380	0.581		0.608	2.569
2008	1.293	0.129	1.422	0.602		0.579	2.603
2009	1.243	0.126	1.369	0.616		0.568	2.553
2010	1.181	0.130	1.311	0.630		0.602	2.543
2011	1.209	0.130	1.339	0.559	\$ 0.032	0.656	2.554
2012	1.254	0.130	1.384	0.568	0.032	0.708	2.692

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Source: Municipal Tax Collector

R Revaluation

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

J-8

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Taxpayer	2012		Taxpayer	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
401 Haddon Heights, LLC	\$ 4,244,100	0.52%	New Jersey American Water Company	\$ 2,100,600	0.53%
500 Grove Associates	4,121,000	0.50%	Grove Street Limited	2,058,000	0.52%
515 Grove Street Associates	3,216,100	0.39%	JB Investments	1,215,700	0.31%
JB Investments	2,372,200	0.29%	Haddon Savings and Loan	1,152,800	0.29%
Cor V Properties	1,875,200	0.23%	Acme Markets	925,000	0.23%
Haddon Savings Bank	1,692,800	0.21%	Citizens Bank of Pennsylvania	875,300	0.22%
Costel White Horse LLC	1,598,000	0.19%	Medical Heights Associates	867,400	0.22%
Medical Heights Associates	1,335,200	0.16%	Ross Louis	791,500	0.20%
Rettner, Ron Cherry Hill Plazas	1,250,000	0.15%	WHP Properties	776,900	0.19%
Haddon Kings Manor	1,232,000	0.15%	SAS WHP, LP	773,500	0.19%
<b>Total</b>	<b>\$ 22,936,600</b>	<b>2.79%</b>		<b>\$ 11,536,700</b>	<b>2.90%</b>

500 Grove Associates

Source: Municipal Tax Assessor

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

J-9

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	\$ 9,240,240	\$ 9,240,240	100.00%	-
2004	9,432,238	9,432,238	100.00%	-
2005	9,801,383	9,801,383	100.00%	-
2006	10,094,178	10,094,178	100.00%	-
2007	11,232,934	11,232,934	100.00%	-
2008	11,543,294	11,543,294	100.00%	-
2009	11,854,242	11,854,242	100.00%	-
2010	10,612,077	10,612,077	100.00%	-
2011	10,892,028	10,892,028	100.00%	-
2012	11,083,251	11,083,251	100.00%	-

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds <sup>a</sup>	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2003	\$ 3,093,000	\$ -	\$ 72,097	\$ -	\$ 3,165,097	1.30%	\$ 422
2004	2,873,000	-	329,197	-	3,202,197	1.27%	429
2005	2,571,000	-	223,165	-	2,794,165	1.08%	377
2006	15,833,000	-	301,741	-	16,134,741	6.01%	2,182
2007	15,421,000	-	206,728	-	15,627,728	5.49%	2,124
2008	14,994,000	-	112,846	-	15,106,846	5.12%	2,060
2009	14,547,000	-	14,918	-	14,561,918	4.57%	1,919
2010	14,065,000	-	-	-	14,065,000	4.43%	1,835
2011	13,568,000	-	-	-	13,568,000	4.25%	1,816
2012	13,058,000	-	-	-	13,058,000	Unavailable	1,749

**Sources:**

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

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

J-11

<b>Fiscal Year Ended June 30,</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Net Assessed Valuation Taxable <sup>b</sup></b>	<b>Per Capita <sup>c</sup></b>
	<b>General Obligation Bonds</b>	<b>Deductions</b>	<b>Net General Bonded Debt Outstanding <sup>a</sup></b>		
2003	\$ 3,093,000	\$ -	\$ 3,093,000	0.78%	\$ 413
2004	2,873,000	-	2,873,000	0.72%	385
2005	2,571,000	-	2,571,000	0.64%	347
2006	15,833,000	-	15,833,000	3.94%	2,141
2007	15,421,000	-	15,421,000	1.87%	2,096
2008	14,994,000	-	14,994,000	1.82%	2,045
2009	14,547,000	-	14,547,000	1.77%	1,917
2010	14,065,000	-	14,065,000	1.71%	1,835
2011	13,568,000	-	13,568,000	1.65%	1,816
2012	13,058,000	-	13,058,000	1.59%	1,749

**Sources:**

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

Haddon Heights School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Haddon Heights	\$ 5,633,382 (1)	100.000%	\$ 5,633,382
Camden County General Obligation Debt	211,014,203 (1)	2.652% (2)	5,595,575
			<hr/>
Subtotal, overlapping debt			11,228,957
Haddon Heights School District Direct Debt			<hr/>
			13,058,000
<b>Total direct and overlapping debt</b>			<hr/> <hr/> <b>\$ 24,286,957</b>

**Sources:**

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2011 Equalized Valuation. The source for this computation was the 2011 County Abstract of Ratables, provided by the County Board of Taxation.

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

J-13

**Legal Debt Margin Calculation for Fiscal Year 2012**

Equalized valuation basis (1)	
2011	\$ 797,774,611
2010	799,308,811
2009	805,195,501
	<u>\$ 2,402,278,923</u>

Average equalized valuation of taxable property \$ 800,759,641

Debt limit (4% of average equalized valuation) (2)	32,030,386
Net bonded school debt (3)	<u>13,058,000</u>
Legal debt margin	<u>\$ 18,972,386</u>

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	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 17,399,265	\$ 18,642,494	\$ 20,555,284	\$ 23,245,317	\$ 26,537,890	\$ 29,575,962	\$ 31,437,021	\$ 32,142,945	\$ 32,132,563	\$ 32,030,386
Total net debt applicable to limit (3)	<u>3,093,000</u>	<u>2,873,000</u>	<u>2,571,000</u>	<u>15,833,000</u>	<u>15,421,000</u>	<u>14,994,000</u>	<u>14,547,000</u>	<u>14,065,000</u>	<u>13,568,000</u>	<u>13,058,000</u>
Legal debt margin	<u>\$ 14,306,265</u>	<u>\$ 15,769,494</u>	<u>\$ 17,984,284</u>	<u>\$ 7,412,317</u>	<u>\$ 11,116,890</u>	<u>\$ 14,581,962</u>	<u>\$ 16,890,021</u>	<u>\$ 18,077,945</u>	<u>\$ 18,564,563</u>	<u>\$ 18,972,386</u>
Total net debt applicable to the limit as a percentage of debt limit	17.78%	15.41%	12.51%	68.11%	58.11%	50.70%	46.27%	43.76%	42.23%	40.77%

**Sources:**

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

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

J-14

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2002	7,493	\$ 243,769,769	\$ 32,533	2.3%
2003	7,457	251,837,804	33,772	2.4%
2004	7,415	259,191,325	34,955	2.1%
2005	7,394	268,394,806	36,299	3.3%
2006	7,359	284,579,889	38,671	3.6%
2007	7,332	295,186,320	40,260	3.3%
2008	7,588	318,635,296	41,992	4.4%
2009	7,665	317,376,990	41,406	7.0%
2010	7,472	319,203,840	42,720	7.3%
2011	7,468	e	e	7.3%

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income has been established based upon the municipal population and per capita personal income presented.
- <sup>c</sup> Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development
- <sup>e</sup> Information not available

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

J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Instruction</b>										
Regular	101	103	102	100	103	106	105	106	106	105
Special education	36	36	37	35	37	35	36	33	20	20
Other special education	8	8	10	10	9	9	9	8	11	12
<b>Support Services:</b>										
Student & instruction related services	21	21	21	21	20	18	18	18	17	17
School administrative services	11	11	11	11	11	11	11	11	11	11
General and business administrative services	5	5	5	5	5	5	5	4	2	2
Plant operations and maintenance	25	25	25	25	22	25	27	27	24	24
Pupil transportation	5	5	5	5	5	5	5	6	5	4
Business and other support services	5	5	5	5	5	4	4	4	4	4
<b>Total</b>	<u>217</u>	<u>219</u>	<u>221</u>	<u>217</u>	<u>217</u>	<u>218</u>	<u>220</u>	<u>217</u>	<u>200</u>	<u>199</u>

**Source:**  
District Personnel Records

Haddon Heights School District  
 Operating Statistics,  
 Last Ten Fiscal Years

J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior/Senior High School				
2003	1,299	\$ 13,626,805	\$ 10,490.23	6.65%	117	1:09	1:09	1,268.0	1,198.9	-0.70%	94.39%
2004	1,278	14,806,479	11,585.66	10.44%	123	1:11	1:10	1,257.0	1,190.5	-0.87%	94.71%
2005	1,289	15,970,019	12,389.46	6.94%	124	1:10	1:10	1,268.1	1,196.2	0.88%	94.33%
2006	1,278	17,161,471	13,428.38	8.39%	125	1:09	1:10	1,244.8	1,164.7	-1.84%	93.57%
2007	1,264	17,955,548	14,205.34	5.79%	125	1:11	1:09	1,251.4	1,180.9	0.53%	94.37%
2008	1,300	19,576,074	15,058.52	6.01%	123	1:11	1:10	1,291.8	1,216.1	3.23%	94.14%
2009	1,350	20,591,119	15,252.68	7.37%	124	1:10	1:10	1,341.4	1,265.4	3.84%	94.33%
2010	1,409	20,328,646	14,427.71	-4.19%	129	1:11	1:11	1,388.6	1,313.1	3.52%	94.56%
2011	1,338	20,721,967	15,487.27	1.54%	119	1:11	1:11	1,322.4	1,246.6	-4.77%	94.27%
2012	1,340	21,055,305	15,712.91	8.91%	128	1:10	1:11	1,303.5	1,236.0	-1.43%	94.82%

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Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Glenview Avenue Elementary (1964)										
Square Feet	39,897	39,897	39,897	39,897	47,167	47,167	47,167	47,167	47,167	47,167
Capacity (students)	184	184	184	184	236	236	236	236	236	236
Enrollment	184	182	183	181	179	180	193	209	192	209
Atlantic Avenue Elementary (1964)										
Square Feet	19,550	19,550	19,550	19,550	30,416	30,416	30,416	30,416	30,416	30,416
Capacity (students)	156	156	156	156	157	157	157	157	157	157
Enrollment	155	146	150	133	134	140	150	167	174	165
Seventh Avenue Elementary (1907)										
Square Feet	26,072	26,072	26,072	26,072	36,225	36,225	36,225	36,225	36,225	36,225
Capacity (students)	121	121	121	121	138	138	138	138	138	138
Enrollment	121	110	107	120	111	119	124	133	130	129
<b><u>Senior High School</u></b>										
Junior/Senior High School (1923)										
Square Feet	122,223	122,223	122,223	122,223	157,627	157,627	157,627	157,627	157,627	157,627
Capacity (students)	571	571	571	571	1,102	1,102	1,102	1,102	1,102	1,102
Enrollment	800	792	803	843	840	861	883	900	831	829

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Number of Schools at June 30, 2012  
 Elementary = 3  
 Middle School = 1  
 Senior High School = 1  
 Other = 0

Source: District Facilities Office

Haddon Heights School District  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years

J-19

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
<b>* School Facilities</b>											
Junior/Senior High School	\$ 167,949	\$ 150,503	\$ 182,206	\$ 183,563	\$ 235,973	\$ 410,832	\$ 330,377	\$ 202,663	\$ 208,379	\$ 218,572	\$ 2,291,017
Glenview Avenue Elementary	44,578	38,141	38,235	40,404	28,296	50,793	42,197	46,421	41,011	47,269	417,345
Atlantic Avenue Elementary	24,378	23,982	29,957	23,647	38,333	39,212	35,202	29,869	28,675	30,153	303,408
Seventh Avenue Elementary	33,509	27,250	23,731	29,864	44,934	33,556	36,704	35,859	38,339	38,202	341,948
Other facilities			1,231	5,589		1,407					8,227
<b>Total School Facilities</b>	<u>\$ 270,414</u>	<u>\$ 239,876</u>	<u>\$ 275,360</u>	<u>\$ 283,067</u>	<u>\$ 347,536</u>	<u>\$ 535,800</u>	<u>\$ 444,480</u>	<u>\$ 314,812</u>	<u>\$ 316,404</u>	<u>\$ 334,196</u>	<u>\$ 3,361,945</u>

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

Source: District records

**Haddon Heights School District  
Insurance Schedule  
June 30, 2012**

**J-20**

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

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

**Source: District records**

**Single Audit Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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American Institute of CPAs  
New Jersey Society of CPAs

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

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

## **Compliance**

We have audited Haddon Heights School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2012. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Haddon Heights School District, in the County of Camden, State of New Jersey complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB and which are described in the accompanying Schedule of Findings and Questioned Costs as items #2012-1 and #2012-2.

## Internal Control Over Compliance

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

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

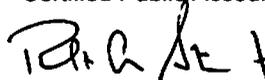
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did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

The Haddon Heights School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management of the School District, the Division of Finance, Department of Education, State of New Jersey, 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.

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert A. Stewart  
Public School Accountant

Marlton, New Jersey  
September 26, 2012

HADDON HEIGHTS SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2011			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2012		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education - Passed through State Department of Education:</b>														
General Fund:														
Education Jobs Fund	84.410A	N/A	\$ 61,094	7/1/11 - 6/30/12				\$ 61,094	\$ (61,094)					
Special Revenue Fund:														
Title I:														
Fiscal Year 2012	84.010A	NCLB188012	90,871	9/1/11 - 8/31/12						(44,448)		\$ (89,418)	\$ 44,970	
Fiscal Year 2010	84.010A	NCLB188010	70,870	9/1/09 - 8/31/11	\$ (41,061)			41,061						
Fiscal Year 2011	84.010	NCLB188011	95,326	9/1/10 - 8/31/11	(7,008)	\$ 8,538				(1,453)				
ARRA	84.389	N/A	23,241	9/1/09 - 8/31/11			\$ 4,851						\$ 4,851	
Title I - SIA:														
Fiscal Year 2009	84.010A	NCLB188009	8,328	9/1/08 - 8/31/11	(3,860)			3,860						
Title II A:														
Fiscal Year 2012	84.367A	NCLB188012	48,813	9/1/11 - 8/31/12				4,803	(32,914)			(41,882)	13,771	
Fiscal Year 2010	84.367A	NCLB188010	33,025	9/1/09 - 8/31/11	(10,127)			10,127						
Fiscal Year 2011	84.367	NCLB188011	33,604	9/1/10 - 8/31/11	(16,434)	11,631		4,803						
Title II D														
Fiscal Year 2011	84.318X	NCLB188011	202	9/1/10 - 8/31/11	(252)	283								(31)
Title IV:														
Fiscal Year 2010	84.186A	NCLB188010	3,651	9/1/09 - 8/31/11	(3,029)			3,029						
I.D.E.A. Part B - Basic:														
Fiscal Year 2011	84.027	FT188011	283,338	9/1/10 - 8/31/11	(110,742)	38,684			(3,200)	75,258				
Fiscal Year 2012	84.027	FT188012	330,125	9/1/11 - 8/31/12				218,150	(267,504)			(113,975)	62,621	
ARRA	84.391	N/A	316,003	9/1/09 - 8/31/11	(34,840)	6,833		229	28,006					228
I.D.E.A. Part B - Proschool:														
Fiscal Year 2011	84.173	PS188011	10,967	9/1/10 - 8/31/11	(8,285)	6,310		1,317		658				
Fiscal Year 2012	84.173	PS188012	18,652	9/1/11 - 8/31/12				1,888	(7,750)			(16,764)	10,902	
ARRA	84.392	N/A	11,422	9/1/09 - 8/31/11	(997)	49		49	948					49
Carl Perkins														
Fiscal Year 2012	84.048A	PERK-1880-12	14,959	9/1/11 - 8/31/12					(11,479)			(14,959)	3,480	
Fiscal Year 2011	84.048A	PERK-1880-11	17,139	9/1/10 - 8/31/11	(6,304)			180	6,498					374
Total U.S. Department of Education					(242,939)	72,328		3,318	458,183	(426,642)		(278,998)	135,744	5,502
<b>U.S. Department of Agriculture - Passed through State Department of Agriculture:</b>														
Food Service Fund:														
Food Distribution Program:														
Fiscal Year 2012	10.550	N/A	19,670	7/1/11 - 6/30/12				19,670	(19,670)					
National School Lunch Program														
Fiscal Year 2011	10.555	N/A	73,552	7/1/10 - 6/30/11	(12,738)			12,738						
Fiscal Year 2012	10.555	N/A	72,253	7/1/11 - 6/30/12				69,584	(72,253)			(2,669)		
Total U.S. Department of Agriculture					(12,738)			101,992	(91,923)			(2,669)		
Total Federal Awards					\$ (255,677)	\$ 72,328	\$ -	\$ 3,318	\$ 560,175	\$ (518,565)	\$ -	\$ (279,667)	\$ 135,744	\$ 5,502

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

HADDON HEIGHTS SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2012

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance June 30, 2011			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2012		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>												
<b>General Fund</b>												
Equalization Aid	12-495-034-5120-078	\$ 442,999	7/1/11- 6/30/12				\$ 369,971	\$ (442,999)		\$ (73,028)		
Equalization Aid	11-495-034-5120-078	330,027	7/1/10- 6/30/11	\$ (55,947)			55,947					
Special Education Categorical Aid	12-495-034-5120-089	461,813	7/1/11- 6/30/12				461,813	(461,813)				
Security Aid	12-495-034-5120-084	64,837	7/1/11- 6/30/12				64,837	(64,837)				
Transportation Aid	12-495-034-5120-014	101,206	7/1/11- 6/30/12				101,206	(101,206)				
Adjustment Aid	12-495-034-5120-085	119,705	7/1/11- 6/30/12				119,705	(119,705)				
Nonpublic Transportation Aid	11-495-034-5120-014	2,262	7/1/10- 6/30/11	(2,262)			2,262					
Nonpublic Transportation Aid	12-495-034-5120-014	2,958	7/1/11- 6/30/12					(2,958)		(2,958)		
Extraordinary Aid	11-100-034-5120-473	28,536	7/1/10- 6/30/11	(28,536)			28,536					
Extraordinary Aid	12-495-034-5120-044	69,561	7/1/11- 6/30/12					(69,561)		(69,561)		
Anti-Bullying Aid	Not available	481	7/1/11- 6/30/12				481	(481)				
On-behalf TPAF Pension Contribution	12-495-034-5095-001	932,921	7/1/11- 6/30/12				932,921	(932,921)				
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	748,328	7/1/10- 6/30/11	(35,056)			35,956					
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	748,152	7/1/11- 6/30/12				712,359	(748,152)		(35,793)		
<b>Total General Fund</b>				<b>(122,701)</b>			<b>2,885,994</b>	<b>(2,944,633)</b>		<b>(181,340)</b>		
<b>Special Revenue Fund:</b>												
<b>NJ Nonpublic Aid:</b>												
Textbook Aid	12-100-034-5120-064	31,968	7/1/11- 6/30/12				31,968	(31,958)			\$ 10	
Textbook Aid	11-100-034-5120-064	38,083	7/1/10- 6/30/11			\$ 8			\$ (8)			
Nursing Aid	12-100-034-5120-070	45,662	7/1/11- 6/30/12				45,662	(45,662)				
<b>Auxiliary Services:</b>												
Compensatory Education	12-100-034-5120-067	208,797	7/1/11- 6/30/12				208,797	(122,484)				86,313
Compensatory Education	11-100-034-5120-067	202,704	7/1/10- 6/30/11			22,441			(22,441)			
Transportation	12-100-034-5120-067	20,383	7/1/11- 6/30/12				20,383	(5,716)				14,667
Transportation	11-100-034-5120-067	12,524	7/1/10- 6/30/11			6,430			(6,430)			
English as a Second Language	11-100-034-5120-067	4,866	7/1/10- 6/30/11			1,068			(1,068)			
English as a Second Language	12-100-034-5120-066	13,361	7/1/11- 6/30/12				13,361	(8,189)				5,172
Homebound Instruction	12-100-034-5120-067	5,674	7/1/11- 6/30/12					(5,674)		(5,674)		
Homebound Instruction	11-100-034-5120-067	2,105	7/1/10- 6/30/11	(2,105)			2,105					
<b>Handicapped Services:</b>												
Supplemental Instruction	12-100-034-5120-066	36,479	7/1/11- 6/30/12				36,479	(24,061)				12,418
Supplemental Instruction	11-100-034-5120-066	41,690	7/1/10- 6/30/11			8,927			(8,927)			
Examination & Classification	12-100-034-5120-066	65,523	7/1/11- 6/30/12				65,523	(41,054)				24,469
Examination & Classification	11-100-034-5120-066	61,062	7/1/10- 6/30/11			10,852			(10,852)			
Corrective Speech	12-100-034-5120-066	52,920	7/1/11- 6/30/12				52,920	(44,550)				8,370
Corrective Speech	11-100-034-5120-066	66,967	7/1/10- 6/30/11			8,503			(8,503)			
<b>Total Special Revenue Fund</b>				<b>(2,105)</b>		<b>58,229</b>	<b>477,198</b>	<b>(329,348)</b>	<b>(58,229)</b>	<b>(5,674)</b>		<b>151,419</b>
<b>Total State Department of Education</b>				<b>(124,606)</b>		<b>58,229</b>	<b>3,363,192</b>	<b>(3,273,981)</b>	<b>(58,229)</b>	<b>(187,014)</b>		<b>151,419</b>
<b>State Department of Education</b>												
<b>Debt Service Fund</b>												
Debt Service Aid Type II	12-495-034-5120-017	4,346	7/1/11- 6/30/12				4,346	(4,346)				
<b>State Department of Agriculture</b>												
<b>Enterprise Fund</b>												
National School Lunch Program (State Share)												
Fiscal Year 2012	12-100-010-3350-023	2,922	7/1/11- 6/30/12				2,606	(2,922)		(116)		
Fiscal Year 2011	11-100-010-3350-023	2,938	7/1/10- 6/30/11	(549)			549					
<b>Total Department of Agriculture</b>				<b>(549)</b>			<b>3,355</b>	<b>(2,922)</b>		<b>(116)</b>		
<b>Total State Financial Assistance</b>				<b>\$ (125,355)</b>	<b>\$ -</b>	<b>\$ 58,229</b>	<b>\$ 3,370,893</b>	<b>\$ (3,281,249)</b>	<b>\$ (58,229)</b>	<b>\$ (187,130)</b>	<b>\$ -</b>	<b>\$ 151,419</b>

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

**Haddon Heights School District  
Notes to Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2012**

**I. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Haddon Heights School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,081) for the general fund and \$0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 61,094	\$ 2,927,552	\$ 2,988,646
Special Revenue	365,548	329,348	694,896
Debt Service		4,346	4,346
Food Service	91,923	2,922	94,845
Total	<u>\$ 518,565</u>	<u>\$ 3,264,168</u>	<u>\$ 3,782,733</u>

**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.

**Haddon Heights School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2012  
(Continued)**

**5. OTHER**

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

**6. MAJOR PROGRAMS**

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

**7. ADJUSTMENTS**

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

	<b>Federal</b>
Prior Year Adjustments	\$ (3,020)
Expenditures paid not reflected on final close-out reports	6,338
Total	\$ 3,318

**HADDON HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Section 1 – Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

Material weaknesses identified?            yes     X     no

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

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

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified?            yes     X     no

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>I.D.E.A. - Basic</u>
<u>84.410A</u>	<u>Education Jobs Fund</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>          </u>	<u>          </u>

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

Auditee qualified as low-risk auditee?            yes     X     no



**HADDON HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Section 2 -- Schedule of Financial Statement Findings***

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

None

**HADDON HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State programs, as required by OMB Circular A-133 and New Jersey Circular 04-04-OMB.

**FEDERAL AWARDS**

***Finding #2012-1***

**Information on the federal program:**

NCLB – Title I – CFDA No. 84.010; NCLB – Title IIA – CFDEA No.84,367A; IDEA - Preschool - CFDA No. 84.173; U. S. Department of Education; Passed-through State of New Jersey, Department of Education

**Criteria or specific requirement:**

Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education regulations require that all costs charged to a program be documented and supported.

**Condition:**

The final close out report for the NCLB and IDEA programs did not agree to the school district's accounting records.

**Questioned Costs:**

None.

**Context:**

The school district expended funds for both the NCLB and IDEA programs but the final close-out reports did not reflect these expenditures.

**Effect:**

The lack of reporting the expenditures in the NCLB and IDEA programs created an overpayment due back to the State Department of Education in the amount of \$5,502.

**Cause:**

The final close-out report expenditures were not agreed to the financial records of the school district prior to filing the reports.

**Recommendation:**

The School District should properly prepare the final program close-out reports and agree the total expenditures and unexpended balances with the financial records.

**Management's response:**

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**HADDON HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**FEDERAL AWARDS**

***Finding #2012-2***

**Information on the federal program:**

Education Jobs Fund - CFDA No. 84.410A; U. S. Department of Education; Passed-through State of New Jersey, Department of Education

**Criteria or specific requirement:**

Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education regulations require school districts to document all program related costs. To achieve compliance with these requirements, the designation of all federal employees, their salaries, assigned school and funding percentage must be documented in the board minutes to provide a public record of approval for these expenditures.

**Condition:**

Certain employees charged to the Education Jobs Fund grant, and their related salaries, were not documented in the minutes of the Board of Education.

**Questioned Costs:**

None.

**Context:**

The entire amount charged to the Education Jobs Fund grant was for salaries that were not listed and approved in the board minutes as being funded by the Education Jobs Fund grant.

**Effect:**

Violation of OMB Circular A-87, Attachment B, Section 8(h) and New Jersey Department of Education regulations.

**Cause:**

Oversight on part of the school district officials.

**Recommendation:**

The School District should document, in the minutes of the Board of Education, board approval for all employees charged to a federal program, their related salaries, assigned school and funding percentage.

**Management's response:**

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**STATE AWARDS**

No findings and/or questioned costs identified.

**HADDON HEIGHTS SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENED JUNE 30, 2012**

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARDS**

***Finding #2011-1***

**Condition:**

The final close out report for the NCLB and IDEA programs did not agree to the school district's accounting records.

**Current Status:**

This condition has not been corrected as reported in Finding #2012-1.

***Finding #2011-2***

**Condition:**

Certain employees charged to federal grants, and their related salaries, were not documented in the minutes of the Board of Education.

**Current Status:**

This condition has not been corrected as reported in Finding #2012-2.

**STATE AWARDS**

There were no prior year audit findings.