

**SCHOOL DISTRICT**  
**OF**  
**WASHINGTON BOROUGH**

**Washington Borough School District**  
**Board of Education**  
**Washington, Warren County**  
**New Jersey**

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2008**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Washington Borough School District  
Board of Education**

**Washington, New Jersey**

**For the Fiscal Year Ending June 30, 2008**

**Prepared by**

**Washington Borough School District**

**Board of Education**

**Finance Department**



## OUTLINE OF CAFR

### INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

### FINANCIAL SECTION

<b>Independent Auditor's Report</b>	5-6
<b>Required Supplementary Information – Part I Management's Discussion and Analysis</b>	7
<b>Basic Financial Statements</b>	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	8
A-2 Statement of Activities	9
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	10
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	11
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Proprietary Funds:	
B-4 Statement of Net Assets	13
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	14
B-6 Statement of Cash Flows	15
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	16
B-8 Statement of Changes in Fiduciary Net Assets	N/A
<b>Notes to the Financial Statements</b>	17-34
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	35-42
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	43
<b>Notes to Required Supplementary Information</b>	
C-3 Budget-to-GAAP Reconciliation	44

## OUTLINE OF CAFR

		<u>Page</u>
<b>Other Supplementary Information</b>		
D.	School Level Schedules:	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
	D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
	D-4 Schedule of DEOA Expenditures - Budget and Actual	N/A
E.	Special Revenue Fund:	
	E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	45
	E-2 Demonstrably Effective Program Aid Schedule of Expenditures- Budgetary Basis	N/A
	E-3 Early Childhood Program Aid Schedule of Expenditures-Budgetary Basis	N/A
	E-4 Distance Learning Network Aid Schedule of Expenditures-Budgetary Basis	46
	E-5 Instructional Supplement Aid Schedule of Expenditures-Budgetary Basis	N/A
	E-6 Targeted At-Risk Aid Schedule of Expenditures-Budgetary Basis	47
F.	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	48
	F-2 Summary Schedule of Revenues and Expenditures	49
	F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status-Budgetary Basis-New Construction & Renovation of Memorial and Taylor Schools	50
G.	Proprietary Funds	
	Enterprise Fund:	
	G-1 Combining Statement of Net Assets	See B-4
	G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	See B-5
	G-3 Combining Statement of Cash Flows	See B-6
	Internal Service Fund:	
	G-4 Combining Statement of Net Assets	N/A
	G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
	G-6 Combining Statement of Cash Flows	N/A
H.	Fiduciary Funds:	
	H-1 Combining Statement of Fiduciary Net Assets	51
	H-2 Combining Statement of Changes in Fiduciary Net Assets	52
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	53
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	54
I.	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	55
	I-2 Schedule of Obligations Under Capital Leases	N/A
	I-3 Budgetary Comparison Schedule Debt Service Fund	56

## OUTLINE OF CAFR

### STATISTICAL SECTION (Unaudited)

	<u>Page</u>
<b>Introduction to the Statistical Section</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component	57
J-2 Changes in Net Assets	58-59
J-3 Fund Balances - Governmental Funds	60
J-4 Changes in Fund Balances - Governmental Funds	61
J-5 General Fund Other Local Revenue by Source	62
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	63
J-7 Direct and Overlapping Property Tax Rates	64
J-8 Principal Property Taxpayers	65
J-9 Property Tax Levies and Collections	66
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	67
J-11 Ratios of General Bonded Debt Outstanding	68
J-12 Direct and Overlapping Governmental Activities Debt	69
J-13 Legal Debt Margin Information	70
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	71
J-15 Principal Employers	72
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	73
J-17 Operating Statistics	74
J-18 School Building Information	75
J-19 Schedule of Required Maintenance Expenditures by School Facility	76
J-20 Insurance Schedule	77

### SINGLE AUDIT SECTION

K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	78-79
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with New Jersey OMB Circular 04-04	80-81
K-3 Schedule of Expenditures of Federal Awards, Schedule A	N/A
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	82
K-5 Notes to the Schedules of Awards and Financial Assistance	83-84
K-6 Schedule of Findings and Questioned Costs	85-87
K-7 Summary Schedule of Prior Audit Findings	88

# Introductory Section

## WASHINGTON BOROUGH PUBLIC SCHOOLS

Lance S. Rozsa, Superintendent of Schools

Linda B. Weck, Business Administrator

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Memorial School ~ 300 West Stewart Street ~ Washington, NJ 07882 ~ Tel (908) 689-0241 ~ Fax (908) 689-8269  
Taylor Street School ~ 16-24 Taylor Street ~ Washington, NJ 07882 ~ Tel (908) 689-0091 ~ Fax (908) 689-8273

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Honorable President and  
Members of the Board of Education  
Washington Borough School District  
Warren County, Washington, N.J. 07882

October 8, 2008

Dear Board Members:

The comprehensive annual financial report of the Washington Borough School District for the fiscal year ended June 30, 2008 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 aspects and is reported in a manner designed to fairly present 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.

The comprehensive annual financial report is presented in four sections: introduction, 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 there on. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the single Audit Action of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments" and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aide Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** Washington Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Washington Borough Board of Education and all of its schools constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade level K through 6. This included regular, as well as special education for handicapped youngsters. The District completed the 2007-08 fiscal year with an enrollment of 513.00 students, which is a decrease of -47.0 students, above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last thirteen years.

**Washington Borough Board of Education Audit Letter - October 8, 2008**  
**Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
1992-93	606.4	1.02%
1993-94	621.9	1.03%
1994-95	633.2	1.85%
1995-96	661.9	4.50%
1996-97	658.1	(.99%)
1997-98	653.0	(.078%)
1998-99	635.8	(2.71%)
1999-00	629.5	(.99%)
2000-01	622.6	(1.1%)
2001-02	604.3	(1.0%)
2002-03	594.8	(.98%)
2003-04	560.1	(5.80%)
2004-05	499.7	(10.78%)
2005-06	505.4	1.14%
2006-07	520.8	1.05%
2007-08	513.0	(1.36%)

2) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) The cost of control should not exceed the benefits likely to be derived:
- (2) The valuation of costs and benefits requires estimated 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 the District management.

As part of the district's single audit description earlier, test 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.

3) **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 votes of the municipality. Annual appropriated budgets are adopted for the general fund, project length budgets are approved to the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

## Washington Borough Board of Education Audit Letter - October 8, 2008

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of Fund Balance at June 30, 2008.

4) **ACCOUNTING SYSTEM AND REPORTS:** The districts account records reflect generally accepted account principals, as promulgated by the governmental accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account programs. These funds and account groups.

5) **FINANCIAL INFORMATION AT FISCAL YEAR - END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2008, and the amount and percentage of increases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease)	
			Amount	Percent
Local Source	3,783,096	49.51%	176,233..	4.89%
State Sources	3,594,317.	47.04%	172,866.	5.05%
Federal Sources	263,546.	3.45%	( 22,380.)	-7.83%
Total	7,640,959.00.	100.00%	326,719.	4.47%

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2008 and the percentage of increases and decreases in relation to prior year amount.

## Washington Borough Board of Education Audit Letter - October 08, 2008

Expenditures Classification	Amount	Percent of Total	Increase Amount	( Decrease) Percent
Current Expense:				
Instruction	2,924,205	38.04%	(9,299.)	- 0.32%
Undistributed Expenditures	4,193,717.	54.55%	235,935.	5.96%
Total	7,117,922.	92.59%	226,636.	3.29%
Capital Outlay				
Capital Projects			(34,639)	-100.00%
Debt Service	206,642.	2.69%	2,269.	1.11%
Special Revenue	363,013.	4.72%	14,529.	4.17%
Total	7,687,577.	100%	208,795.	2.79%

6) **DEBT ADMINISTRATION:** At June 30, 2008 the district's outstanding debt is

\$ 3,001,000.00.

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

9) **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.

## Washington Borough Board of Education Audit Letter - October 8, 2008

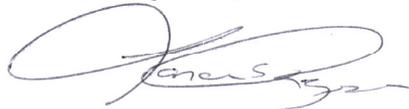
### 10) OTHER INFORMATION:

(A) Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Ardito and Company, L.L.P., Accountants and Auditors was appointed by the Washington Borough Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB circular A-133 and State Treasury Circular Letter 98-97 OMB. The auditor's report on the general purpose financial statements and combining 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.

### 11) ACKNOWLEDGMENTS:

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

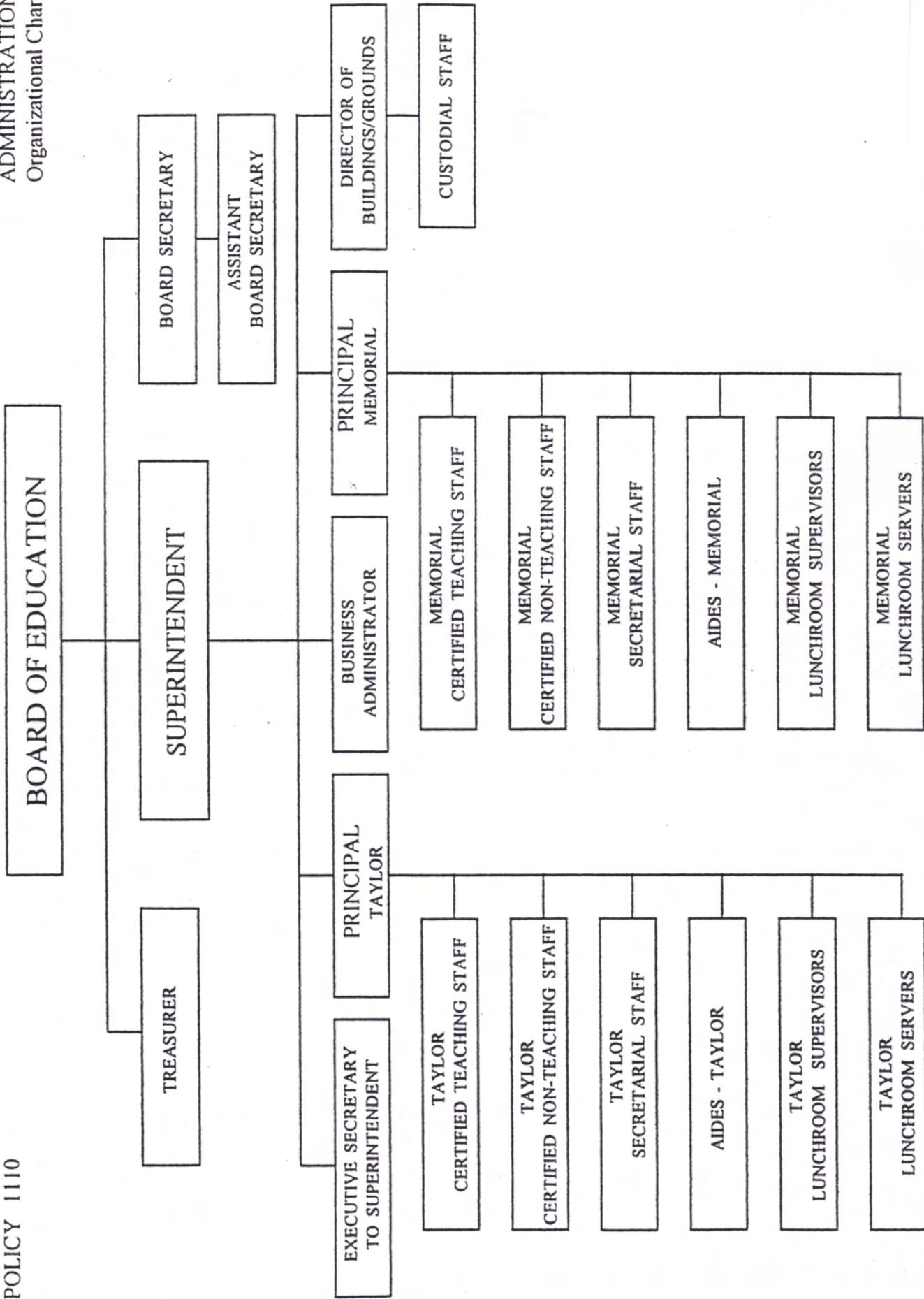
Respectfully submitted,



Mr. Lance S. Rozsa, Superintendent



Linda D. Woolf, Business Administrator/  
Board Secretary



\* The Board Attorney, while not represented on organizational chart, reports directly to the Board of Education.

WASHINGTON BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2008

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Donna Golda, <i>President</i>	2009
Melanie Deemer, <i>Vice-President</i>	2010
Patricia Rosado	2009
Daniel Mazelis	2009
Christopher Reyes	2011
Maryanne Andreula	2011
Michael Taeschler	2011
Staci Harrison	2010
Mark Kaspereen	2010

Other Officials

Lance S. Rozsa, *Superintendent*

Linda D. Woolf, *Business Administrator/Board Secretary*

Doris Rayna, *Treasurer*

Carrolyn A. Fiorino, Esquire, *Solicitor*

**WASHINGTON BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ARCHITECT**

**The Spiegle Architectural Group**  
120 Sanhican Drive  
Trenton, NJ 08618

**AUDIT FIRM**

**Ardito & Co., LLP**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192

**ATTORNEY**

**Carrolyn A. Fiorino**  
**BROSCIOUS & FISCHER**  
111 West Washington Avenue  
P.O. Box 230  
Washington, New Jersey 07882

**OFFICIAL DEPOSITORIES**

**PNC Bank**  
Washington, New Jersey 07882

**Bank of America**  
Pohatcong, New Jersey 07882

# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

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Stroudsburg, Pennsylvania 18360-1630  
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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA  
Anthony F. Ardito, PA, RMA, PSA

**UNQUALIFIED OPINIONS ON BASIC FINANCIAL  
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY  
INFORMATION AND SUPPLEMENTARY SCHEDULE OF STATE AWARDS  
AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENT ENTITY**

**Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Washington Borough School District  
County of Warren  
Washington, New Jersey 07882

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Washington Borough School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington Borough School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education in the County of Warren, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2008, on our consideration of the Washington Borough School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 35 through 44 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 Washington Borough School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Licensed Public School Accountant No. 2369  
ARDITO & CO., LLP

Date: October 16, 2008

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**



WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The discussion and analysis of Washington Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- ◆ In total, net assets decreased \$416,842, which represents a 13.2 percent change from 2007.
- ◆ General revenues accounted for \$3,844,436 in revenue or 49.5 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,922,187 or 50.5 per cent of total revenues of \$7,766,623.
- ◆ Total assets of governmental activities decreased by \$468,323 as cash and cash equivalents decreased by \$172,139, receivables increased by \$130,658 and capital assets decreased by \$426,294.
- ◆ The School District had \$8,183,465 in expenses; only \$3,922,187 of these expenses were offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$3,844,436 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,014,981 in revenues and \$7,117,922 in expenditures. The General Fund's surplus balance decreased \$102,941, compared to a budgeted decrease of \$646,738.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washington Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Washington Borough School District, the General Fund is by far the most significant fund.

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

**Table 1**  
**Net Assets**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current and Other Assets	\$1,322,487	\$ 1,364,516
Capital Assets	<u>4,561,418</u>	<u>4,987,712</u>
<b>Total Assets</b>	<u>5,883,905</u>	<u>6,352,228</u>
<b>Liabilities</b>		
Long-Term Liabilities	2,946,000	3,006,000
Other Liabilities	<u>188,473</u>	<u>179,954</u>
<b>Total Liabilities</b>	<u>3,134,473</u>	<u>3,185,954</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	1,555,418	1,921,712
Restricted	1,075,200	1,063,987
Unrestricted	<u>118,814</u>	<u>180,575</u>
<b>Total Net Assets</b>	<u>\$ 2,749,432</u>	<u>\$ 3,166,274</u>

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

Total assets decreased \$468,323. Cash and cash equivalents decreased by \$172,139, receivables increased by \$130,658 and capital assets decreased by \$426,294. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$5,138.

Table 2 shows the changes in net assets from fiscal year 2007.

**Table 2**  
**Changes in Net Assets**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 61,866	\$ 67,526
Operating Grants and Contributions	3,860,321	3,771,520
General Revenues:		
Property Taxes	3,714,305	3,518,089
Grants and Entitlements	59,751	-
Other	<u>70,380</u>	<u>88,820</u>
<b>Total Revenues</b>	<u>7,766,623</u>	<u>7,445,955</u>
 <b>Program Expenses</b>		
Instruction	5,014,919	5,026,004
Support Services:		
Tuition	158,504	124,759
Pupils and Instructional Staff	1,156,341	1,048,416
General Administration, School Administration, Business	658,832	645,570
Operations and Maintenance of Facilities	732,989	634,132
Pupil Transportation	143,015	142,995
Business-Type Activities	130,900	125,413
Interest and Fiscal Charges	<u>187,965</u>	<u>190,632</u>
<b>Total Expenses</b>	<u>8,183,465</u>	<u>7,937,921</u>
 Increase in Net Assets	 <u>\$ (416,842)</u>	 <u>\$ (491,966)</u>

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 47.8 percent of revenues for governmental activities for the Washington Borough School District for the fiscal year 2008.

Instruction comprises 61.3 percent of district expenses. Support services expenses make up 34.8 percent of the expenses.

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

**Table 3**

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Instruction	\$ 5,014,919	\$2,500,902	\$ 5,026,004	\$ 2,507,686
Support Services:				
Tuition	158,504	89,149	124,759	69,751
Pupils and Instructional Staff	1,156,341	712,234	1,048,416	631,974
General Administration, School				
Administration, Business	658,832	271,502	645,570	270,609
Operation and Maintenance of Facilities	732,989	412,263	634,132	354,533
Pupil Transportation	143,015	80,438	142,995	79,946
Business-Type Activities	130,900	6,825	125,413	(6,256)
Interest and Fiscal Charges	<u>187,965</u>	<u>187,965</u>	<u>190,632</u>	<u>190,632</u>
<b>Total Expenses</b>	<u>\$ 8,183,465</u>	<u>\$ 4,261,278</u>	<u>\$ 7,937,921</u>	<u>\$ 4,098,875</u>

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with the unallocated depreciation.

The dependence upon tax revenues is apparent. Over 49.9 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 52.1 percent. The community, as a whole, is the primary support for the Washington Borough School District.

**The School District's Funds**

Information about the School District's major funds starts on page 10 (Exhibit B-1) . These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,640,959 and expenditures of \$7,687,577. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$102,941. This compares favorably to the budgeted decrease of \$646,738.

**General Fund Budgeting Highlights**

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

During the course of the fiscal 2008 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$6,246,940, \$41,090 over original budgeted estimates of \$6,197,339. This difference was due primarily to miscellaneous income.

The General fund expenditures of the School District exceeded revenues by approximately \$98,029, which again compares favorably to the budgeted decrease of \$646,738.

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2008, the School District had \$4,561,418 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2008 balances compared to 2007.

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

	<u>2008</u>	<u>2007</u>
Land Improvements	\$ 127,239	\$ 127,239
Buildings and Improvements	4,325,072	4,650,673
Machinery and Equipment	<u>109,107</u>	<u>209,800</u>
<b>Totals</b>	<b><u>\$ 4,561,418</u></b>	<b><u>\$ 4,987,712</u></b>

Overall net capital assets decreased \$426,294 from fiscal year 2007 to fiscal year 2008 due to depreciation expense.

No major capital items were added in 2008.

**Debt Administration**

At June 30, 2008, the School District had \$3,006,000 as outstanding debt, representing bonds for school construction.

At June 30, 2008, the School District's overall legal debt margin was \$13,723,978 and the unvoted debt margin was \$10,717,978.

**For the Future**

The Washington Borough School District is in very good financial condition presently. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

Washington Borough School District has successfully passed the 2008-2009 school budget. It has been increasingly difficult to balance educational needs with increases in property tax rates. The steady decrease in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. In the past, the District garnered local support of its budget for over 10 years. This problem seems to be statewide and is not exclusive to the Washington Borough School District. The Washington Borough School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Linda D. Woolf, School Business Administrator/ Board Secretary at Washington Borough School District, 300 W.Stewart Street, Washington, NJ, 07882.

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

## WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET ASSETS

JUNE 30, 2008

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$1,138,669	\$25,093	\$1,163,762
Receivables from Other Governments	148,546	4,368	152,914
Interfunds Receivable		471	471
Inventory		5,339	5,339
Restricted Assets:			
Capital Reserve Cash	1		1
Capital Assets, Net (Note 6):	4,561,418		4,561,418
<b>Total Assets</b>	<b>5,848,634</b>	<b>35,271</b>	<b>5,883,905</b>
<b>LIABILITIES</b>			
Accounts Payable	8,197	18,624	26,821
Interfunds Payable	471		471
Deferred Revenue	32,766	1,857	34,623
Accrued Interest	66,558		66,558
Noncurrent Liabilities (Note 7):			
Due Within One Year	60,000		60,000
Due Beyond One Year	2,946,000		2,946,000
<b>Total Liabilities</b>	<b>3,113,992</b>	<b>20,481</b>	<b>3,134,473</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,555,418		1,555,418
Restricted for:			
Special Revenue Fund	(5,365)		(5,365)
Capital Projects Fund	66,902		66,902
Other Purposes	1,013,663		1,013,663
Unrestricted	104,024	14,790	118,814
<b>Total Net Assets</b>	<b>\$2,734,642</b>	<b>\$14,790</b>	<b>\$2,749,432</b>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$3,998,000		\$2,069,056		(\$1,928,944)	(\$1,928,944)
Special Education	768,618		336,315		(432,303)	(432,303)
Other Special Instruction	248,301		108,646		(139,655)	(139,655)
Support Services:						
Tuition	158,504		69,355		(89,149)	(89,149)
Student & Instruction Related Serv.	1,156,341		543,159		(613,182)	(613,182)
School Administrative Services	176,111		77,059		(99,052)	(99,052)
General and Business Admin. Serv.	482,721		211,219		(271,502)	(271,502)
Plant Operations and Maintenance	732,989		320,726		(412,263)	(412,263)
Pupil Transportation	143,015		62,577		(80,438)	(80,438)
Interest on Long-Term Debt	145,336				(145,336)	(145,336)
Unallocated Depreciation	42,629				(42,629)	(42,629)
Total Governmental Activities	8,052,565		3,798,112		(4,254,453)	(4,254,453)
Business-Type Activities:						
Food Service	130,900	\$61,866	62,209			(\$6,825)
Total Business-Type Activities	130,900	61,866	62,209			(6,825)
Total Primary Government	\$8,183,465	\$61,866	\$3,860,321		(\$4,254,453)	(\$6,825)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net					\$3,507,666	\$3,507,666
Taxes Levied for Debt Service					206,639	206,639
Investment Earnings					59,724	59,724
Miscellaneous Income					9,067	10,656
Federal and State Aid for Capital Asset Projects					59,751	59,751
Total General Revenues, Special Items, Extraor. Items and Transfers					3,842,847	3,844,436
Change in Net Assets					(411,606)	(416,842)
Net Assets—Beginning(As Restated)					3,146,248	3,166,274
<b>Net Assets—Ending</b>					<b>\$2,734,642</b>	<b>\$2,749,432</b>

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

## **FUND FINANCIAL STATEMENTS**

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



WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$1,066,821		\$71,849	\$1,138,670
Receivables from Other Governments	32,399	\$116,147		148,546
Interfund Receivables	100,619			100,619
<b>TOTAL ASSETS</b>	<b>\$1,199,839</b>	<b>\$116,147</b>	<b>\$71,849</b>	<b>\$1,387,835</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$8,197			\$8,197
Interfund Payables	472	\$95,671	\$4,947	101,090
Deferred Revenue	6,925	25,841		32,766
<b>Total Liabilities</b>	<b>15,594</b>	<b>121,512</b>	<b>4,947</b>	<b>142,053</b>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	46,623			46,623
Excess Surplus	483,394			483,394
Excess Surplus - Designated for Subsequent Year's Expenditures	419,185			419,185
Capital Reserve Account	1			1
Unreserved, Reported in:				
General Fund - Designated for Subsequent Year's Expenditures	111,083			111,083
General Fund	123,959			123,959
Special Revenue Fund		(5,365)		(5,365)
Capital Projects Fund			66,902	66,902
Debt Service Fund				-
<b>Total Fund Balances</b>	<b>1,184,245</b>	<b>(5,365)</b>	<b>66,902</b>	<b>1,245,782</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$1,199,839</b>	<b>\$116,147</b>	<b>\$71,849</b>	<b>\$1,387,835</b>

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 \$7,646,192 and the accumulated depreciation is \$3,084,774.	\$4,561,418
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(66,558)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(3,006,000)
Net assets of governmental activities	<u>\$2,734,642</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	<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>REVENUES</b>					
<b>Local sources:</b>					
Local Tax Levy	\$ 3,507,666			\$ 206,639	\$ 3,714,305
Miscellaneous	66,090	\$ 2,701			68,791
<b>Total - Local Sources</b>	<u>3,573,756</u>	<u>2,701</u>	-	<u>206,639</u>	<u>3,783,096</u>
<b>State Sources</b>	3,441,225	93,341	\$ 59,751		3,594,317
<b>Federal Sources</b>		263,546			263,546
<b>Total Revenues</b>	<u>7,014,981</u>	<u>359,588</u>	<u>59,751</u>	<u>206,639</u>	<u>7,640,959</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	2,187,370	325,821			2,513,191
Special Education Instruction	556,922				556,922
Other Special Instruction	179,913				179,913
Support services and undistributed costs:					
Tuition	114,848				114,848
Student and Instruction Related Services	800,665	37,192			837,857
School Administrative Services	127,606				127,606
Other Administrative Services	349,768				349,768
Plant Operations and Maintenance	531,106				531,106
Pupil Transportation	103,625				103,625
Unallocated Benefits	2,166,099				2,166,099
<b>Debt Service:</b>					
Principal				60,000	60,000
Interest and Other Charges				146,642	146,642
<b>Capital Outlay</b>					-
<b>Total Expenditures</b>	<u>7,117,922</u>	<u>363,013</u>	-	<u>206,642</u>	<u>7,687,577</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(102,941)</u>	<u>(3,425)</u>	<u>59,751</u>	<u>(3)</u>	<u>(46,618)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers - Food Service Fund	-				-
<b>Total Other Financing Sources and Uses</b>	<u>-</u>		<u>-</u>		<u>-</u>
Net Change in Fund Balances	(102,941)	(3,425)	59,751	(3)	(46,618)
Fund Balance—July 1	1,287,186	(1,940)	7,151	3	1,292,400
<b>Fund Balance—June 30</b>	<u>\$ 1,184,245</u>	<u>\$ (5,365)</u>	<u>\$ 66,902</u>	<u>\$ -</u>	<u>\$ 1,245,782</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (46,618)

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

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

Depreciation Expense	\$ (426,294)	
Capital Outlays	<u>-</u>	(426,294)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 60,000

In the statement of activities, 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 is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 1,306

**Change in Net Assets of Governmental Activities (A-2)** \$ (411,606)

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS  
 PROPRIETARY FUNDS

JUNE 30, 2008

		<b>Business-Type Activities- Enterprise Funds</b>	
		<b>Food</b>	
		<b><u>Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents		\$ 25,093	\$ 25,093
Accounts Receivable		4,368	4,368
Interfund Receivable		471	471
Inventories		5,339	5,339
<b>Total Current Assets</b>		<b>35,271</b>	<b>35,271</b>
		<hr/>	
<b>Total Assets</b>		<b>35,271</b>	<b>35,271</b>
<hr/>			
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		18,624	18,624
Deferred Revenue		1,857	1,857
<b>Total Current Liabilities</b>		<b>20,481</b>	<b>20,481</b>
		<hr/>	
<b>Total Liabilities</b>		<b>20,481</b>	<b>20,481</b>
<hr/>			
<b>NET ASSETS</b>			
Unrestricted		14,790	14,790
<b>Total Net Assets</b>		<b>\$ 14,790</b>	<b>\$ 14,790</b>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2008

	<b>Business-type Activities-</b>	
	<b>Enterprise Fund</b>	
	<b>Food</b>	<b>Total</b>
	<b>Service</b>	<b>Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 51,499	\$ 51,499
Daily Sales - Non-Reimbursable Programs	10,367	10,367
Miscellaneous	1,589	1,589
<b>Total Operating Revenues</b>	<b>63,455</b>	<b>63,455</b>
<b>Operating Expenses:</b>		
Cost of Sales	74,739	74,739
Salaries	38,741	38,741
Employee Benefits	9,218	9,218
Administrative Expenses	3,027	3,027
Other Purchased Professional Services	5,175	5,175
<b>Total Operating Expenses</b>	<b>130,900</b>	<b>130,900</b>
	<b>(67,445)</b>	<b>(67,445)</b>
Operating Income (Loss)		
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	2,662	2,662
State School Breakfast Program	536	536
Federal Sources:		
National School Lunch Program	46,537	46,537
National School Breakfast Program	6,565	6,565
Food Distribution Program	5,909	5,909
<b>Total Nonoperating Revenues (Expenses)</b>	<b>62,209</b>	<b>62,209</b>
	<b>(5,236)</b>	<b>(5,236)</b>
Income (Loss) Before Contributions and Transfers		
Transfers In (Out)		-
Change in Net Assets	<b>(5,236)</b>	<b>(5,236)</b>
Total Net Assets—Beginning	20,026	20,026
<b>Total Net Assets—Ending</b>	<b>\$ 14,790</b>	<b>\$ 14,790</b>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2008

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 63,419	\$ 63,419
Payments to Employees	(38,741)	(38,741)
Payments for Employee Benefits	(9,218)	(9,218)
Payments to Suppliers	(75,807)	(75,807)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(60,347)</b>	<b>(60,347)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	2,959	2,959
Federal Sources	48,973	48,973
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>51,932</b>	<b>51,932</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,415)	(8,415)
Balances—Beginning of Year	33,508	33,508
<b>Balances—End of Year</b>	<b>\$ 25,093</b>	<b>\$ 25,093</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (67,445)	\$ (67,445)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Operating Transfers (Non-Cash)		-
Federal Commodities	5,909	5,909
(Increase) Decrease in Accounts Receivable	(35)	(35)
(Increase) Decrease in Inventories	(618)	(618)
Increase (Decrease) in Accounts Payable	1,842	1,842
Total Adjustments	7,098	7,098
Net Cash Provided by (used for) Operating Activities	\$ (60,347)	\$ (60,347)

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

JUNE 30, 2008

	<u>Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$6,000</u>	<u>\$153,013</u>
<b>Total Assets</b>	<u>6,000</u>	<u>153,013</u>
<b>LIABILITIES</b>		
Accrued Salaries and Wages Payable to Student Groups		\$145,573 <u>7,440</u>
<b>Total Liabilities</b>		<u>\$153,013</u>
<b>NET ASSETS</b>		
Held in Trust for Scholarships & Other Purposes	<u>\$6,000</u>	<u>                    </u>

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

# Notes to Financial Statements

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2007.

**A. Reporting Entity:**

The Washington Borough School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Borough School District had an approximate enrollment at June 30, 2008, of 513 students.

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-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.

**Basis of Presentation**

*District-wide Statements:* The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and,

therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment 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. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

Additionally, the District reports the following fund type:

**Fiduciary Funds** The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and the Payroll Agency Fund.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey 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 District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**D. Encumbrance Accounting:**

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-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 the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences:**

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

District employees are not allowed to accrue vacation time beyond the current period. The District's policy allow all district teaching staff employees to accrue sick leave. At present, the District pays stipends for sick leave based upon attendance. There is no other provision for the accrual of sick leave.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide 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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**Revenues—Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 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. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2008, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2008, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Capital Reserve	\$ 1		\$ 1
Checking Accounts	1,163,762	\$ 159,013	1,322,775
	<u>\$ 1,163,763</u>	<u>\$ 159,013</u>	<u>\$ 1,322,776</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2008, was \$1,322,776 and the bank balance was \$1,413,945. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$171,849 was covered by federal depository insurances and \$1,242,096 was covered by collateral pool.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2008, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
Federal Aid	\$ 116,147	\$ 120,277
State Aid	<u>32,399</u>	<u>32,637</u>
Gross Receivable	148,546	152,914
Less: Allow. for Uncollectibles	<u>-0-</u>	<u>-0-</u>
Total Receivables, Net	<u>\$ 148,546</u>	<u>\$ 152,914</u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2008, consisted of the following:

Food	\$ 2,728
Supplies	<u>2,611</u>
	<u>\$ 5,339</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Total Capital Assets Not Being Depreciated	-	-	-	-
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 127,239			\$ 127,239
Buildings and Building Improvements	6,512,020			6,512,020
Machinery and Equipment	1,006,933			1,006,933
Total at Historical Cost	<u>7,646,192</u>	-		<u>7,646,192</u>
Less Accumulated Depreciation for:				
Building and Improvements	(1,861,347)	\$ (325,601)		(2,186,948)
Equipment	(797,133)	(100,693)		(897,826)
Total Accumulated Depreciation	<u>(2,658,480)</u>	<u>(426,294)</u>		<u>(3,084,774)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>4,987,712</u>	<u>(426,294)</u>		<u>4,561,418</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 4,987,712</u></b>	<b><u>\$ (426,294)</u></b>		<b><u>\$ 4,561,418</u></b>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 383,665
Unallocated	<u>42,629</u>
Total	<u>\$ 426,294</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 7: LONG-TERM OBLIGATIONS**

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2008, are as follows:

	<u>Balance</u> <u>7/1/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/08</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$3,066,000		\$60,000	\$3,006,000	\$60,000
<b>Total</b>	<b>\$3,066,000</b>		<b>\$60,000</b>	<b>\$3,006,000</b>	<b>\$60,000</b>

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2008, it is not necessary for the Board to establish a liability for arbitrage

	<u>Government Activities</u>			<u>Balance</u> <u>6/30/08</u>
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	
Bonds Payable	12/1/02	4.75%-4.90%	7/15/33	\$ 3,006,000
Total Bonds				<u>\$ 3,006,000</u>

**B. Debt Service Requirements:**

Debt Service requirements on serial bonds payable at June 30, 2008, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 60,000	\$ 143,792	\$ 203,792
2010	65,000	141,123	206,123
2011	70,000	137,917	207,917
2012	70,000	134,291	204,291
2013	75,000	130,848	205,848
Thereafter	<u>2,666,000</u>	<u>1,575,651</u>	<u>4,241,651</u>
	<u>\$ 3,006,000</u>	<u>\$ 2,263,622</u>	<u>\$ 5,269,622</u>

As of June 30, 2008, the District had no authorized but not issued bonds.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 8: PENSION PLANS**

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

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

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

**Vesting and Benefit Provisions** The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 8: PENSION PLANS (Continued)**

**Significant Legislation** Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$38,626	100 %	-0-
6/30/2007	\$23,840	100	-0-
6/30/2006	\$11,522	100	-0-

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	-0-	100 %	-0-
6/30/2007	-0-	100	-0-
6/30/2006	-0-	100	-0-

During the fiscal year ended June 30, 2008, the State of New Jersey did contribute \$509,269 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$263,684 during the year ended June 30, 2008, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 9: POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve by one half of 1% of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

The State is also responsible for the cost attributable to P.L.1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education of county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

**NOTE 10: DEFERRED COMPENSATION**

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

Financial Planning

**NOTE 11: COMPENSATED ABSENCES**

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

District employees are not allowed to accrue vacation time beyond the current period. The District's policy allow all district teaching staff employees to accrue sick leave. At present, the District pays stipends for sick leave based upon attendance. There is no other provision for the accrual of sick leave.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2008, no liability existed for compensated absences in the proprietary fund types.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 12: RISK MANAGEMENT**

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

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

**NOTE 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LITIGATION**

The Board is not involved in claims or lawsuits incidental to its operations.

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund - Of the \$1,184,245 General Fund fund balance at June 30, 2008, \$46,623 is reserved for encumbrances; \$902,579 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$419,185 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2009); \$111,083 has been appropriated and included as anticipated revenue for the year ending June 30, 2009; \$1. has been reserved in the Capital Reserve Account; and, \$123,959 is unreserved and undesignated.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Washington Borough School District Board of Education by inclusion of \$1. on September 26, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also 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. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

There was no activity in the capital reserve account for the year ended June 30, 2008.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 16: CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A.18A:7F-7, as amended, the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2008, is \$483,394.

**NOTE 17: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$5,365 in the Special Revenue Fund as of June 30, 2008, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

**NOTE 18: INTERFUND RECEIVABLES AND PAYABLES**

The amount of \$471 interfund receivable in the Food Service Fund represents state and federal lunch reimbursements received in the general fund.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$3,507,666		\$3,507,666	\$3,507,666	
Miscellaneous	25,000		25,000	66,090	\$41,090
Total - Local Sources	<u>3,532,666</u>		<u>3,532,666</u>	<u>3,573,756</u>	<u>41,090</u>
State Sources:					
Core Curriculum Standards Aid	1,765,208		1,765,208	1,765,208	
Supplemental CCS Aid	64,251		64,251	64,251	
Transportation Aid	48,885		48,885	48,885	
Special Education Aid	577,140		577,140	577,140	
Bilingual Education	20,898		20,898	20,898	
Consolidated Aid	61,430		61,430	61,430	
Additional Formula Aid	126,861		126,861	126,861	
Other State Aid				8,511	
TPAF Pension (On-Behalf - Non-Budgeted)				509,269	509,269
TPAF Social Security (Reimbursed - Non-Budgeted)				263,684	263,684
Total State Sources	<u>2,664,673</u>		<u>2,664,673</u>	<u>3,446,137</u>	<u>781,464</u>
<b>TOTAL REVENUES</b>	<b><u>6,197,339</u></b>		<b><u>6,197,339</u></b>	<b><u>7,019,893</u></b>	<b><u>822,554</u></b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	185,000	(55,000)	130,000	128,166	1,834
Grades 1-5 - Salaries of Teachers	1,538,208	123,566	1,661,774	1,639,727	22,047
Grades 6-8 - Salaries of Teachers	284,600	9,331	293,931	293,846	85
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	2,000		2,000	720	1,280
Purchased Professional-Educational Services	4,000		4,000	510	3,490
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	10,720	(10,000)	720		720
Purchased Professional-Educational Services	22,000		22,000	12,456	9,544
Other Purchased Services (400-500 series)	1,500		1,500		1,500
General Supplies	87,000	33,920	120,920	110,370	10,550
Textbooks	3,500		3,500	135	3,365
Other Objects	3,000		3,000	1,440	1,560
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,141,528</b>	<b>101,817</b>	<b>2,243,345</b>	<b>2,187,370</b>	<b>55,975</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Multiple Disabilities:</b>					
Salaries of Teachers	182,000	(7,521)	174,479	170,613	3,866
Other Salaries for Instruction	23,600	18,287	41,887	27,385	14,502
General Supplies	1,500		1,500	161	1,339
<b>Total Multiple Disabilities</b>	<b>207,100</b>	<b>10,766</b>	<b>217,866</b>	<b>198,159</b>	<b>19,707</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	313,552	(33,150)	280,402	224,251	56,151
Other Salaries for Instruction	61,906	(41,500)	20,406	19,398	1,008
General Supplies	2,500		2,500	94	2,406
<b>Total Resource Room/Resource Center</b>	<b>377,958</b>	<b>(74,650)</b>	<b>303,308</b>	<b>243,743</b>	<b>59,565</b>
<b>Autism:</b>					
Salaries of Teachers	53,262		53,262	51,314	1,948
Other Salaries for Instruction	7,200		7,200	7,084	116
Purchased Professional-Educational Services		24,350	24,350	9,456	14,894
General Supplies	2,030		2,030	1,677	353
<b>Total Autism</b>	<b>62,492</b>	<b>24,350</b>	<b>86,842</b>	<b>69,531</b>	<b>17,311</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	48,812	(1,750)	47,062	42,097	4,965
Other Salaries for Instruction	14,604	(2,110)	12,494	2,973	9,521
General Supplies	550	(130)	420	419	1
<b>Total Preschool Disabilities - Part-Time</b>	<b>63,966</b>	<b>(3,990)</b>	<b>59,976</b>	<b>45,489</b>	<b>14,487</b>
<b>Cognitive - Severe:</b>					
Other Salaries for Instruction	19,767	(19,767)			
<b>Total Cognitive - Severe</b>	<b>19,767</b>	<b>(19,767)</b>			
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>731,283</b>	<b>(63,291)</b>	<b>667,992</b>	<b>556,922</b>	<b>111,070</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	163,500	(12,400)	151,100	145,332	5,768
<b>Total Basic Skills/Remedial - Instruction</b>	<b>163,500</b>	<b>(12,400)</b>	<b>151,100</b>	<b>145,332</b>	<b>5,768</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	34,600		34,600	34,581	19
<b>Total Bilingual Education - Instruction</b>	<b>34,600</b>		<b>34,600</b>	<b>34,581</b>	<b>19</b>
<b>School Sponsored Co/Extra Curricular Activities:</b>					
Purchased Services (300-500 Series)	5,000		5,000		5,000
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>5,000</b>		<b>5,000</b>		<b>5,000</b>
<b>TOTAL INSTRUCTION</b>	<b>3,075,911</b>	<b>26,126</b>	<b>3,102,037</b>	<b>2,924,205</b>	<b>177,832</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Regular	22,384		22,384	14,714	7,670
Tuition to Other LEAs Within the State-Special	115,740	(6,800)	108,940	48,013	60,927
Tuition to CSSD & Regional Day Schools	78,600		78,600	52,121	26,479
Tuition to Private Schools for the Disabled-Within State	78,238	(72,600)	5,638		5,638
<b>Total Instruction</b>	<b>294,962</b>	<b>(79,400)</b>	<b>215,562</b>	<b>114,848</b>	<b>100,714</b>
<b>Health Services:</b>					
Salaries	135,300	6,800	142,100	137,139	4,961
Purchased Professional and Technical Services	4,500	1,750	6,250	2,519	3,731
Other Purchased Services (400-500 series)	700		700		700
Supplies and Materials	3,150	1,333	4,483	1,919	2,564
<b>Total Health Services</b>	<b>143,650</b>	<b>9,883</b>	<b>153,533</b>	<b>141,577</b>	<b>11,956</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	82,029		82,029	78,320	3,709
Purchased Professional - Educational Services	7,000		7,000	380	6,620
<b>Total Other Supp. Services Students-Related Services</b>	<b>89,029</b>		<b>89,029</b>	<b>78,700</b>	<b>10,329</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Salaries	86,200	50,600	136,800	132,725	4,075
Purchased Professional - Educational Services	147,000	(40,545)	106,455	93,396	13,059
<b>Total Other Supp. Services Students-Extra Services</b>	<b>233,200</b>	<b>10,055</b>	<b>243,255</b>	<b>226,121</b>	<b>17,134</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Secretarial and Clerical Assistants	116,300	1,150	117,450	101,781	15,669
Supplies and Materials	25,000	11,355	36,355	22,491	13,864
<b>Total Other Supp. Services Students-Regular</b>	<b>141,300</b>	<b>12,505</b>	<b>153,805</b>	<b>124,272</b>	<b>29,533</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	110,932	72,600	183,532	180,871	2,661
Salaries of Secretarial and Clerical Assistants	38,194		38,194	36,936	1,258
Misc. Purchased Services (400-500 series O/than Resid.Costs)	1,200		1,200	829	371
Supplies and Materials	5,000	367	5,367	4,600	767
Other Objects	750		750		750
<b>Total Other Supp. Services Students-Special</b>	<b>156,076</b>	<b>72,967</b>	<b>229,043</b>	<b>223,236</b>	<b>5,807</b>
<b>Educational Media Services/School Library:</b>					
Salaries	7,200	1,913	9,113	4,604	4,509
<b>Total Educational Media Services/School Library</b>	<b>7,200</b>	<b>1,913</b>	<b>9,113</b>	<b>4,604</b>	<b>4,509</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	6,000	1,417	7,417	2,155	5,262
<b>Total Instructional Staff Training Services</b>	<b>6,000</b>	<b>1,417</b>	<b>7,417</b>	<b>2,155</b>	<b>5,262</b>
<b>Supp. Services - General Administration:</b>					
Salaries	171,481		171,481	171,201	280
Legal Services	20,000	(11,000)	9,000	7,576	1,424
Audit Services	13,000		13,000	11,663	1,337
Other Purchased Professional Services	3,500		3,500		3,500
Communications/Telephone	19,000	6,000	25,000	20,521	4,479
Other Purchased Services (400-500 series)	33,000	3,531	36,531	26,403	10,128
General Supplies	700		700		700
Miscellaneous Expenditures	20,000	6,205	26,205	10,680	15,525
<b>Total Supp. Services - General Administration</b>	<b>280,681</b>	<b>4,736</b>	<b>285,417</b>	<b>248,044</b>	<b>37,373</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	83,500		83,500	83,500	
Salaries of Secretarial and Clerical Assistants	42,716		42,716	42,716	
Other Objects	3,500	94	3,594	1,390	2,204
<b>Total Support Services - School Administration</b>	<b>129,716</b>	<b>94</b>	<b>129,810</b>	<b>127,606</b>	<b>2,204</b>
<b>Central Services:</b>					
Salaries	97,632		97,632	97,632	
Miscellaneous Expenditures	5,500		5,500	4,092	1,408
<b>Total Central Services:</b>	<b>103,132</b>		<b>103,132</b>	<b>101,724</b>	<b>1,408</b>
<b>Required Maintenance for School Facilities:</b>					
Cleaning, Repair and Maintenance Services	48,000	12,831	60,831	60,680	151
General Supplies	2,000		2,000	658	1,342
Other	6,000	2,400	8,400	7,573	827
<b>Total Required Maintenance for School Facilities</b>	<b>56,000</b>	<b>15,231</b>	<b>71,231</b>	<b>68,911</b>	<b>2,320</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	207,150	6,300	213,450	208,702	4,748
Cleaning, Repair and Maintenance Services	47,400	6,115	53,515	39,713	13,802
Rental of Land & Bldg.-Other than Lease Purch.Agreement		2,766	2,766		2,766
Other Purchased Property Services	6,100		6,100	4,377	1,723
Insurance	36,000		36,000	32,640	3,360
General Supplies	27,000	7,038	34,038	23,280	10,758
Energy (Heat and Electricity)	160,000	100	160,100	151,838	8,262
Other Objects	700	1,325	2,025	1,645	380
<b>Total Other Operations and Maintenance of Plant</b>	<b>484,350</b>	<b>23,644</b>	<b>507,994</b>	<b>462,195</b>	<b>45,799</b>
<b>Student Transportation Services</b>					
Contracted Services (Bet.Home and School)-Joint Agrmts.	25,000		25,000	24,738	262
Contracted Services (Special Ed. Students)-Joint Agrmts.	120,000	(37,350)	82,650	70,564	12,086
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	9,000	4,028	13,028	8,323	4,705
<b>Total Student Transportation Services</b>	<b>154,000</b>	<b>(33,322)</b>	<b>120,678</b>	<b>103,625</b>	<b>17,053</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	67,000		67,000	66,403	597
Other Retirement Contributions - Regular	25,000	13,700	38,700	38,626	74
Unemployment Compensation	12,000	100	12,100	12,049	51
Workmen's Compensation	45,000	9,039	54,039	36,934	17,105
Health Benefits	1,306,870	(3,700)	1,303,170	1,216,301	86,869
Tuition Reimbursement	15,000	3,592	18,592	14,308	4,284
Other Employee Benefits	18,000		18,000	8,525	9,475
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,488,870</b>	<b>22,731</b>	<b>1,511,601</b>	<b>1,393,146</b>	<b>118,455</b>
On-behalf TPAF pension Contrib. (non-budgeted)				509,269	(509,269)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				263,684	(263,684)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>772,953</b>	<b>(772,953)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>1,488,870</b>	<b>22,731</b>	<b>1,511,601</b>	<b>2,166,099</b>	<b>(654,498)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>3,768,166</b>	<b>62,454</b>	<b>3,830,620</b>	<b>4,193,717</b>	<b>(363,097)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>6,844,077</b>	<b>88,580</b>	<b>6,932,657</b>	<b>7,117,922</b>	<b>(185,265)</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>TOTAL EXPENDITURES</b>	<b>6,844,077</b>	<b>88,580</b>	<b>6,932,657</b>	<b>7,117,922</b>	<b>(185,265)</b>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<b>(646,738)</b>	<b>(88,580)</b>	<b>(735,318)</b>	<b>(98,029)</b>	<b>637,289</b>
<b>Other Financing Sources:</b>					
<b>Operating Transfers:</b>					
Transfer to Food Service Fund					
Transfer from Capital Projects Fund					
<b>Total Other Financing Sources:</b>					
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>(646,738)</b>	<b>(88,580)</b>	<b>(735,318)</b>	<b>(98,029)</b>	<b>637,289</b>
<b>Fund Balance, July 1</b>	1,414,780		1,414,780	1,414,780	
<b>Fund Balance, June 30</b>	<b>\$ 768,042</b>	<b>\$ (88,580)</b>	<b>\$ 679,462</b>	<b>\$ 1,316,751</b>	<b>\$ 637,289</b>
<b>Recapitulation:</b>					
Capital Reserve				\$ 1	
Excess Surplus				483,394	
Excess Surplus - Designated for Subsequent Year's Expenditures				419,185	
Designated for Subsequent Year's Expenditures				111,083	
Encumbrances				46,623	
Unrestricted Fund Balance				<u>256,465</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				1,316,751	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(132,506)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$1,184,245</u>	

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		2,201	\$ 2,201	\$ 2,201	
State Sources	\$ 38,787	68,500	107,287	96,937	\$ (10,350)
Federal Sources	244,578	13,196	257,774	257,774	
<b>Total Revenues</b>	<b>283,365</b>	<b>83,897</b>	<b>367,262</b>	<b>356,912</b>	<b>(10,350)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	144,787	26,341	171,128	171,128	
Other Salaries for Instruction		14,254	14,254	14,254	
Other Purchased Services	1,000	400	1,400	1,400	
Tuition	125,000	6,901	131,901	131,901	
General Supplies	2,578	1,054	3,632	3,632	
Other Objects		100	100	100	
<b>Total Instruction</b>	<b>273,365</b>	<b>49,050</b>	<b>322,415</b>	<b>322,415</b>	
<b>Support Services</b>					
Personal Services - Employee Bene.	1,000	30,961	31,961	21,611	10,350
Purchased Profess. & Technical Svcs	2,000	9,222	11,222	11,222	
Other Purchased Serv. (400-500 Series)	7,000	(5,336)	1,664	1,664	
<b>Total Support Services</b>	<b>10,000</b>	<b>34,847</b>	<b>44,847</b>	<b>34,497</b>	<b>10,350</b>
Total Expenditures	283,365	83,897	367,262	356,912	10,350
<b>Other Financing Sources (Uses)</b>					
<b>Total Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<b>283,365</b>	<b>83,897</b>	<b>367,262</b>	<b>356,912</b>	<b>10,350</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>(\$5,365)</u>
Fund Balance per Governmental Funds(GAAP Basis)					<u><u>(\$5,365)</u></u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2008

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 7,019,893	\$ 356,912
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	28,517
Current Year Encumbrances	N/A	(22,416)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	127,594	1,940
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(132,506)</u>	<u>(5,365)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 7,014,981</u>	<u>\$ 359,588</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 7,117,922	\$ 356,912
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	28,517
Current Year Encumbrances	N/A	(22,416)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 7,117,922</u>	<u>\$ 363,013</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit E-1

**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2008

	<b>Title I Part A</b>	<b>Title I I Part A</b>	<b>Title I I Part D</b>	<b>Title I V</b>	<b>Title V</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>Mansfield Grant</b>	<b>Targeted At-Risk Aid</b>	<b>Instruct. Supple. Aid</b>	<b>Totals</b>
<b>REVENUES</b>											
Local Sources								\$ 2,201			\$ 2,201
State Sources									\$ 58,150	\$ 38,787	96,937
Federal Sources	\$ 89,367	\$24,765	\$ 610	\$ 2,661	\$ 600	\$ 131,901	\$ 7,870				257,774
<b>TOTAL REVENUES</b>	<b>89,367</b>	<b>24,765</b>	<b>610</b>	<b>2,661</b>	<b>600</b>	<b>131,901</b>	<b>7,870</b>	<b>2,201</b>	<b>58,150</b>	<b>38,787</b>	<b>356,912</b>
<b>EXPENDITURES:</b>											
<b>Instruction:</b>											
Salaries of Teachers	63,450	19,640					6,296		42,955	38,787	171,128
Other Salaries for Instruction									14,254		14,254
Other Purchased Services	800				600						1,400
Tuition						131,901					131,901
General Supplies	100	390						2,201	941		3,632
Other Objects	100										100
<b>Total Instruction</b>	<b>64,450</b>	<b>20,030</b>			<b>600</b>	<b>131,901</b>	<b>6,296</b>	<b>2,201</b>	<b>58,150</b>	<b>38,787</b>	<b>322,415</b>
<b>Support Services:</b>											
Personal Services - Employee Bene.	15,302	4,735					1,574				21,611
Purchased Profess. & Technical Svcs	8,561			2,661							11,222
Other Purchased Serv. (400-500 Series)	1,054		610								1,664
<b>Total Support Services</b>	<b>24,917</b>	<b>4,735</b>	<b>610</b>	<b>2,661</b>			<b>1,574</b>				<b>34,497</b>
<b>TOTAL EXPENDITURES</b>	<b>89,367</b>	<b>24,765</b>	<b>610</b>	<b>2,661</b>	<b>600</b>	<b>131,901</b>	<b>7,870</b>	<b>2,201</b>	<b>58,150</b>	<b>38,787</b>	<b>356,912</b>
<b>Other Financing Sources (Uses)</b>											
<b>Total Other Financing Sources (Uses)</b>											
<b>Total Outflows</b>	<b>89,367</b>	<b>24,765</b>	<b>610</b>	<b>2,661</b>	<b>600</b>	<b>131,901</b>	<b>7,870</b>	<b>2,201</b>	<b>58,150</b>	<b>38,787</b>	<b>356,912</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>											

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit E-4

**SPECIAL REVENUE FUND  
INSTRUCTIONAL SUPPLEMENTARY AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS**

Exhibit E-4

For the Fiscal Year Ended June 30, 2008

	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Support Services:</b>			
Salaries of Other Professional Staff	\$ 38,787	\$ 38,787	
<b>Total Support Services</b>	<u>38,787</u>	<u>38,787</u>	
<b>TOTAL EXPENDITURES</b>	<u>\$ 38,787</u>	<u>\$ 38,787</u>	

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2007-08 Instructional Supp. Aid Allocation	\$ 38,787
Actual Instructional Supp. Aid Carryover (June 30, 2007)	<u>-</u>
Total Instructional Supp. Aid Available for 2007-08 Budget	38,787
Less: 2007-2008 Budgeted Instructional Supp. Aid (Including prior year budgeted carryover)	<u>38,787</u>
Available and Unbudgeted Instructional Supp. Funds as of June 30, 2008	-
Add: 2007-2008 Unexpended Instructional Supp.	<u>-</u>
2007-2008 Actual Carryover Available for Transfer to the G/F- Instructional Supp.	<u>-</u>
2007-2008 Instructional Supp. Carryover Budgeted in 2008-2009	<u>-</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit E-6

**SPECIAL REVENUE FUND  
TARGETED AT-RISK AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS**

Exhibit E-4

For the Fiscal Year Ended June 30, 2008

	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 42,955	\$ 42,955	
Other Salaries of Instruction	14,254	14,254	
General Supplies	<u>941</u>	<u>941</u>	
<b>Total Instruction</b>	<u>58,150</u>	<u>58,150</u>	
<b>Support Services:</b>			
Personal Services - Employee Bene.	<u>10,350</u>		<u>10,350</u>
<b>Total Support Services</b>	<u>10,350</u>	-	<u>10,350</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 68,500</u>	<u>\$ 58,150</u>	<u>\$ 10,350</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2007-08 TARA Allocation	\$ 68,500
Less: TARA Transferred to General Fund - Tax Relief	<u>-</u>
TARA Available for 2007-08 Program Budget	68,500
2007-2008 TARA Expended/Obligated	<u>58,150</u>
2007-2008 Actual Carryover - TARA	<u>10,350</u>
2007-2008 TARA Carryover Budgeted as Unrestricted General Fund Revenue for 2008-2009	<u>-</u>

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2008

<u>Issue/Project Title</u>	<u>Approval</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2008</u>
				<u>Prior Years</u>	<u>Current Year</u>	
Renovations to Memorial School/Taylor School	Voters	9/24/02	\$ 3,226,286	\$ 3,159,384		\$ 66,902
Renovations to Memorial School/Taylor School	State of New Jersey - EFCFA Grant	4/23/03	1,442,733	1,442,733		-
Totals			<u>\$ 4,669,019</u>	<u>\$ 4,602,117</u>	<u>\$ -</u>	<u>\$ 66,902</u>
					Fund Balance	<u><u>\$ 66,902</u></u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2008

**Revenues and Other Financing  
Sources**

State Sources - SDA Grant	\$ 59,751
Total Revenues	<u>59,751</u>
Excess(deficiency) of revenues over(under) expenditures	59,751
Fund Balance - Beginning	<u>7,151</u>
Fund Balance - Ending	<u><u>\$ 66,902</u></u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS-BUDGETARY BASIS**  
**NEW CONSTRUCTION & RENOVATIONS OF MEMORIAL AND TAYLOR SCHOOLS**

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,382,982	\$ 59,751	\$ 1,442,733	\$ 1,442,733
Bond Proceeds	3,226,000		3,226,000	3,226,000
Interest Earned	75,496		75,496	75,496
Transfers	(75,210)		(75,210)	(75,210)
Total Revenues	<u>4,609,268</u>	<u>59,751</u>	<u>4,669,019</u>	<u>4,669,019</u>
<b>Expenditures and Other Financing Sources</b>				
Purchased professional and technical serv.	596,557		596,557	596,557
Construction services	4,005,560		4,005,560	4,008,443
Total Expenditures	<u>4,602,117</u>	<u>-</u>	<u>4,602,117</u>	<u>4,605,000</u>
Excess(deficiency)of revenues over(under) expenditures	<u>\$ 7,151</u>	<u>\$ 59,751</u>	<u>\$ 66,902</u>	

**Additional project information:**

Project number	5480-055-02-0297
Grant Date	4/23/03
Bond Authorization Date	9/24/02
Bonds Authorized	\$3,226,000
Bonds Issued	\$3,226,000
Original Authorized Cost	\$4,605,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$4,605,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/05
Revised Target Completion Date	5/22/07

<p style="text-align: center;"><b>PROPRIETARY FUND DETAIL STATEMENTS</b></p>
--

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

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

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

<p style="text-align: center;"><b>FIDUCIARY FUND DETAIL STATEMENTS</b></p>
--

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

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

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008**

	<b>TRUST FUNDS</b>	<b>AGENCY FUNDS</b>		<b>TOTALS</b>
		<b>STUDENT ACTIVITY</b>	<b>PAYROLL AGENCY</b>	
<b>ASSETS:</b>				
Cash and Cash Equivalent	<u>\$6,000</u>	<u>\$7,440</u>	<u>\$145,573</u>	<u>\$159,013</u>
<b>TOTAL ASSETS</b>	<u>\$6,000</u>	<u>\$7,440</u>	<u>\$145,573</u>	<u>\$159,013</u>
<b>LIABILITIES:</b>				
Liabilities:				
Accrued Salaries			\$145,573	\$145,573
Payable to Student Groups		<u>\$7,440</u>	<u>          </u>	<u>7,440</u>
<b>Total Liabilities</b>		<u>7,440</u>	<u>145,573</u>	<u>153,013</u>
<b>NET ASSETS</b>				
Held in Trust for Other Purposes	<u>\$6,000</u>			<u>6,000</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$6,000</u>	<u>\$7,440</u>	<u>\$145,573</u>	<u>\$159,013</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit H-2

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2007</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2008</u>
Mary T. Harle Scholarship Fund	\$5,000			\$5,000
AB Davidson Scholarship Fund	1,000			1,000
	<hr/>			
Totals	\$6,000			\$6,000
	<hr/> <hr/>			

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2007</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2008</u>
Student Activity Funds	\$8,304	\$13,130	\$13,994	\$7,440
Totals	\$8,304	\$13,130	\$13,994	\$7,440

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 138,048	\$ 4,835,203	\$ 4,827,678	\$ 145,573
<b>Total Assets</b>	<u>\$ 138,048</u>	<u>\$ 4,835,203</u>	<u>\$ 4,827,678</u>	<u>\$ 145,573</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 14,690	\$ 2,029,732	\$ 2,036,785	\$ 7,637
Accrued Salaries and Wages	123,358	2,805,471	2,790,893	137,936
<b>Total Liabilities</b>	<u>\$ 138,048</u>	<u>\$ 4,835,203</u>	<u>\$ 4,827,678</u>	<u>\$ 145,573</u>

## **LONG-TERM DEBT SCHEDULES**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS  
AS OF ENDED JUNE 30, 2008**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2007</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2008</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Addition Project	12/1/02	\$ 3,226,000	7/15/08	60,000	4.750%	\$ 3,066,000	60,000	\$ 3,006,000
			7/15/09	65,000	to 4.900%			
			7/15/10	70,000				
			7/15/11	70,000				
			7/15/12	75,000				
			7/15/13	80,000				
			7/15/14	80,000				
			7/15/15	85,000				
			7/15/16	90,000				
			7/15/17	95,000				
			7/15/18	100,000				
			7/15/19	100,000				
			7/15/20	105,000				
			7/15/21	110,000				
			7/15/22	115,000				
			7/15/23	120,000				
			7/15/24	130,000				
			7/15/25	135,000				
			7/15/26	140,000				
			7/15/27	145,000				
			7/15/28	155,000				
			7/15/29	160,000				
			7/15/30	170,000				
			7/15/31	175,000				
			7/15/32	185,000				
			7/15/33	191,000				
Total						<u>\$ 3,066,000</u>	<u>60,000</u>	<u>\$ 3,006,000</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 206,639		\$ 206,639	\$ 206,639	
Total - Local Sources	206,639		206,639	206,639	
<b>TOTAL REVENUES</b>	<b>206,639</b>		<b>206,639</b>	<b>206,639</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	146,642		146,642	146,642	
Redemption of Principal	60,000		60,000	60,000	
Total Regular Debt Service	206,642		206,642	206,642	
<b>TOTAL EXPENDITURES</b>	<b>206,642</b>		<b>206,642</b>	<b>206,642</b>	
Fund Balance, July 1				3	
Fund Balance, June 30					
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance					

Washington Borough School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	57-62
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	63-66
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	67-70
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	71-72
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	73-77

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**Washington Borough School District  
Net Assets by Component,  
Last Six Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	2003	2004	Fiscal Year Ending June 30,		2007	2008
			2005	2006		
Governmental activities	<b>N/A</b>					
Invested in capital assets, net of related debt		\$ 323,052	\$ 2,561,518	\$ 2,256,635	\$ 1,921,712	\$ 1,555,418
Restricted		2,237,869	1,381,539	1,389,007	1,063,987	1,075,200
Unrestricted		103,165	(31,317)	19,874	160,549	104,024
Total governmental activities net assets	-	<u>\$ 2,664,086</u>	<u>\$ 3,911,740</u>	<u>\$ 3,665,516</u>	<u>\$ 3,146,248</u>	<u>\$ 2,734,642</u>
Business-type activities						
Invested in capital assets, net of related debt						\$ -
Restricted		-	-	-	-	-
Unrestricted		2,688	636	(7,276)	20,026	14,790
Total business-type activities net assets	-	<u>\$ 2,688</u>	<u>\$ 636</u>	<u>\$ (7,276)</u>	<u>\$ 20,026</u>	<u>\$ 14,790</u>
District-wide						
Invested in capital assets, net of related debt		\$ 323,052	\$ 2,561,518	\$ 2,256,635	\$ 1,921,712	\$ 1,555,418
Restricted		2,237,869	1,381,539	1,389,007	1,063,987	1,075,200
Unrestricted		105,853	(30,681)	12,598	180,575	118,814
Total district net assets	-	<u>\$ 2,666,774</u>	<u>\$ 3,912,376</u>	<u>\$ 3,658,240</u>	<u>\$ 3,166,274</u>	<u>\$ 2,749,432</u>

Source: CAFR Schedule A-1

**Washington Borough School District**  
**Changes in Net Assets, Last Six Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year Ending June 30,</u>		<u>2007</u>	<u>2008</u>
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>						
Governmental activities	<b>N/A</b>					
Instruction						
Regular		\$ 3,129,258	\$ 3,161,738	\$ 3,552,600	\$ 3,863,874	\$ 3,998,000
Special education		652,776	777,167	834,071	927,509	\$768,618
Other special education		210,607	212,065	257,465	234,621	\$248,301
Support Services:						
Tuition		390,732	195,570	166,856	124,759	158,504
Student & instruction related services		980,707	888,708	964,663	1,048,416	1,156,341
General administrative services		436,244	447,142	471,627	484,021	482,721
School administrative services		143,306	150,556	164,626	161,549	176,111
Business administrative services						
Plant operations and maintenance		565,955	713,361	654,145	634,132	732,989
Pupil transportation		212,871	147,924	140,695	142,995	143,015
Interest on long-term debt		157,251	153,391	150,787	148,176	145,336
Unallocated depreciation		21,253	29,694	42,121	42,456	42,629
Total governmental activities expenses	<u>-</u>	<u>6,900,960</u>	<u>6,877,316</u>	<u>7,399,656</u>	<u>7,812,508</u>	<u>8,052,565</u>
Business-type activities:						
Food service		129,833	134,861	126,106	125,413	130,900
Total business-type activities expense	<u>-</u>	<u>129,833</u>	<u>134,861</u>	<u>126,106</u>	<u>125,413</u>	<u>130,900</u>
Total district expenses	<u>-</u>	<u>\$ 7,030,793</u>	<u>\$ 7,012,177</u>	<u>\$ 7,525,762</u>	<u>\$ 7,937,921</u>	<u>\$ 8,183,465</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
Operating grants and contributions		\$ 3,530,735	\$ 3,415,987	\$ 3,548,603	\$ 3,707,377	\$ 3,798,112
Capital grants and contributions						
Total governmental activities program revenues	<u>-</u>	<u>3,530,735</u>	<u>3,415,987</u>	<u>3,548,603</u>	<u>3,707,377</u>	<u>3,798,112</u>

**Washington Borough School District**  
**Changes in Net Assets, Last Six Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year Ending June 30,</u>		<u>2007</u>	<u>2008</u>
			<u>2005</u>	<u>2007</u>		
Business-type activities:						
Charges for services						
Food service		52,649	67,743	64,927	67,526	61,866
Operating grants and contributions		42,964	51,866	52,475	64,143	62,209
Capital grants and contributions		-	-	-	-	-
Total business type activities program revenues		<u>95,613</u>	<u>119,609</u>	<u>117,402</u>	<u>131,669</u>	<u>124,075</u>
Total district program revenues	-	<u>\$ 3,626,348</u>	<u>\$ 3,535,596</u>	<u>\$ 3,666,005</u>	<u>\$ 3,839,046</u>	<u>\$ 3,922,187</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities		\$ (3,370,225)	\$ (3,461,329)	\$ (3,851,053)	\$ (4,105,131)	\$ (4,254,453)
Business-type activities		(34,220)	(15,252)	(8,704)	6,256	(6,825)
Total district-wide net expense	-	<u>\$ (3,404,445)</u>	<u>\$ (3,476,581)</u>	<u>\$ (3,859,757)</u>	<u>\$ (4,098,875)</u>	<u>\$ (4,261,278)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Property taxes levied for general purposes, net		\$ 3,170,496	\$ 3,217,762	\$ 3,313,716	\$ 3,313,716	\$ 3,507,666
Taxes levied for debt service		166,533	204,479	206,988	204,373	206,639
Unrestricted grants and contributions			1,238,721	4,268	-	59,751
Investment earnings		3,990	17,068	62,766	79,201	59,724
Miscellaneous income		56,290	7,003	17,091	9,573	9,067
Transfers		(30,170)	(13,000)			
Total governmental activities	-	<u>3,367,139</u>	<u>4,672,033</u>	<u>3,604,829</u>	<u>3,606,863</u>	<u>3,842,847</u>
Business-type activities:						
Miscellaneous income		271	200	792	46	1,589
Transfers		30,170	13,000			
Total business-type activities		<u>30,441</u>	<u>13,200</u>	<u>792</u>	<u>46</u>	<u>1,589</u>
Total district-wide	-	<u>\$ 3,397,580</u>	<u>\$ 4,685,233</u>	<u>\$ 3,605,621</u>	<u>\$ 3,606,909</u>	<u>\$ 3,844,436</u>
<b>Change in Net Assets</b>						
Governmental activities		\$ (3,086)	\$ 1,210,704	\$ (246,224)	\$ (498,268)	\$ (411,606)
Business-type activities		(3,779)	(2,052)	(7,912)	6,302	(5,236)
Total district	-	<u>\$ (6,865)</u>	<u>\$ 1,208,652</u>	<u>\$ (254,136)</u>	<u>\$ (491,966)</u>	<u>\$ (416,842)</u>

Source: CAFR Schedule A-2

**Washington Borough School District  
Fund Balances, Governmental Funds,  
Last Six Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-3**

	Fiscal Year Ending June 30,					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund						
Reserved	\$ 750,022	\$ 990,228	\$ 1,234,189	\$ 1,406,318	\$ 1,087,262	\$ 949,203
Unreserved	282,656	84,394	95,213	31,771	119,924	235,042
Total general fund	<u>\$ 1,032,678</u>	<u>\$ 1,074,622</u>	<u>\$ 1,329,402</u>	<u>\$ 1,438,089</u>	<u>\$ 1,207,186</u>	<u>\$ 1,184,245</u>
All Other Governmental Funds						
Reserved	\$ 6,000	\$ 2,079,642	\$ 90,135	\$ 34,639	\$ -	\$ -
Unreserved, reported in:						
Special revenue fund	(3,332)	(1,940)	(1,940)	(1,940)	(1,940)	(5,365)
Capital projects fund	2,870,500	(739,943)	2,884	7,151	7,151	66,902
Debt service fund		-	-	3	3	
Total all other governmental funds	<u>\$ 2,873,168</u>	<u>\$ 1,337,759</u>	<u>\$ 91,079</u>	<u>\$ 39,853</u>	<u>\$ 5,214</u>	<u>\$ 61,537</u>

Source: CAFR Schedule B-1

**Washington Borough School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

**Exhibit J-4**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Tax levy	\$ 2,727,137	\$ 2,483,659	\$ 2,518,776	\$ 2,731,197	\$ 3,170,496	\$ 3,337,029	\$ 3,422,241	\$ 3,520,704	\$ 3,518,089	\$ 3,714,305
Interest earnings	44,694									
Miscellaneous	40,181	57,390	65,937	99,606	79,136	60,280	24,071	79,857	88,774	68,791
State sources	2,565,971	2,842,058	2,954,720	2,651,534	2,829,285	3,260,707	4,391,211	3,272,941	3,421,451	3,594,317
Federal sources	119,897	174,484	173,882	239,446	240,101	270,028	263,498	279,930	285,926	263,546
<b>Total revenue</b>	<b>5,497,880</b>	<b>5,557,591</b>	<b>5,713,315</b>	<b>5,721,783</b>	<b>6,319,018</b>	<b>6,928,044</b>	<b>8,101,021</b>	<b>7,153,432</b>	<b>7,314,240</b>	<b>7,640,959</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,856,990	1,942,163	1,918,229	1,908,065	1,855,069	2,219,679	2,119,221	2,273,084	2,399,259	2,513,191
Special education instruction	383,514	479,872	464,788	504,237	572,383	502,935	587,200	622,670	667,967	556,922
Other special instruction	103,275	91,195	89,773	100,111	164,371	162,263	160,229	192,209	168,968	179,913
Other instruction		5,885	21,858	18,943	156					
<b>Support Services:</b>										
Tuition	244,889	203,298	256,155	317,870	320,277	301,042	147,766	124,565	89,848	114,848
Student & instruction related services	682,773	673,096	638,915	628,010	604,519	755,591	671,477	720,162	755,041	837,857
School administrative services	98,935	107,010	116,394	247,776	272,116	110,411	113,755	122,900	116,343	127,606
Other administrative services	293,453	304,754	311,384	103,693	103,820	336,107	337,845	352,090	348,579	349,768
Plant operations and maintenance	409,490	388,742	416,798	371,511	384,638	436,043	538,991	488,347	456,685	531,106
Pupil transportation	119,873	110,287	143,374	231,271	194,113	164,008	111,766	105,035	102,981	103,625
Unallocated employee benefits	945,788	907,400	1,021,028	1,143,973	1,425,000	1,543,102	1,636,303	1,826,602	2,132,804	2,166,099
Special Schools				7,186						
Special Revenue	168,785	218,108	229,699	305,866	330,028					
Capital Outlay	127,535	133,687	74,157	4,651	356,426	1,679,466	2,487,839	61,322	35,934	-
<b>Debt service:</b>										
Principal							50,000	55,000	55,000	60,000
Interest and other charges						174,692	154,479	151,985	149,373	146,642
<b>Total expenditures</b>	<b>5,435,300</b>	<b>5,565,497</b>	<b>5,702,552</b>	<b>5,893,163</b>	<b>6,582,916</b>	<b>8,385,339</b>	<b>9,116,871</b>	<b>7,095,971</b>	<b>7,478,782</b>	<b>7,687,577</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>62,580</b>	<b>(7,906)</b>	<b>10,763</b>	<b>(171,380)</b>	<b>(263,898)</b>	<b>(1,457,295)</b>	<b>(1,015,850)</b>	<b>57,461</b>	<b>(164,542)</b>	<b>(46,618)</b>
<b>Other Financing Sources (uses)</b>										
Bond proceeds					3,226,000					
Accrued interest					(32,854)					
Transfers in		54,500	(22,410)							-
Transfers out	(18,658)	(77,710)		(25,871)	(24,477)	(30,170)	(13,000)	-	(21,000)	-
<b>Total other financing sources (uses)</b>	<b>(18,658)</b>	<b>(23,210)</b>	<b>(22,410)</b>	<b>(25,871)</b>	<b>3,168,669</b>	<b>(30,170)</b>	<b>(13,000)</b>	<b>-</b>	<b>(21,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 43,922</b>	<b>\$ (31,116)</b>	<b>\$ (11,647)</b>	<b>\$ (197,251)</b>	<b>\$ 2,904,771</b>	<b>\$ (1,487,465)</b>	<b>\$ (1,028,850)</b>	<b>\$ 57,461</b>	<b>\$ (185,542)</b>	<b>\$ (46,618)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.6%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.7%</b>

Source: CAFR Schedule B-2

WASHINGTON BOROUGH SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Cable TV</u> <u>Proceeds</u>	<u>Sewer</u> <u>Easement</u>	<u>Tuition</u>	<u>Other</u> <u>State</u> <u>Aid</u>	<u>Miscellaneous</u>	<u>Total</u>
1999	\$ 44,694	\$ 13,991	\$ 20,220			\$ 2,442		\$ 3,528	\$ 84,875
2000	\$ 49,788		\$ 7,582					\$ 20	\$ 57,390
2001	\$ 48,293	\$ 3,691	\$ 12,138					\$ 1,815	\$ 65,937
2002	\$ 24,743	\$ 3,382	\$ 7,808		\$ 60,000			\$ 3,673	\$ 99,606
2003	\$ 7,989	\$ 432	\$ 10,412	\$ 17,000			\$ 7,463	\$ 2,700	\$ 45,996
2004	\$ 3,990		\$ 2,603	\$ 21,862				\$ 512	\$ 28,967
2005	\$ 11,362							\$ 5,845	\$ 17,207
2006	\$ 62,766						\$ 6,752	\$ 8,756	\$ 78,274
2007	\$ 79,201							\$ 7,861	\$ 87,062
2008	\$ 59,724	\$ 1,108						\$ 5,258	\$ 66,090

SOURCE: District Records

**Washington Borough School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

**Exhibit J-6**

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
1999	\$2,460,300	\$197,257,000	-	\$46,900	\$44,429,500	\$16,573,400	\$16,255,100	\$313,455,285	\$31,332,300	\$5,100,785	\$282,122,985	\$0.970	\$277,290,881
2000	3,224,000	184,352,360	-	48,000	47,681,000	17,884,100	17,050,800	304,053,212	29,071,225	4,741,727	274,981,987	0.905	280,337,575
2001	2,763,300	185,452,260	-	46,900	48,876,100	17,544,600	16,928,400	303,186,067	29,026,925	2,547,582	274,159,142	0.920	285,945,998
2002	2,730,400	185,514,260	-	47,200	48,903,100	17,719,600	18,240,400	302,670,620	26,783,725	2,731,935	275,886,895	0.990	290,382,316
2003	8,106,400	185,866,160	\$437,600	46,000	48,757,800	17,719,600	19,498,300	310,096,570	26,962,025	2,702,685	283,134,545	1.120	325,932,284
2004	6,990,400	253,623,560	437,600	5,300	49,966,600	17,991,300	25,776,600	386,313,669	28,042,025	3,480,284	358,271,644	0.932	346,126,463
2005	3,724,800	268,099,760	437,600	5,300	49,676,400	17,991,300	25,776,600	398,137,524	28,821,025	3,604,739	369,316,499	0.927	403,031,904
2006	3,672,800	276,846,160	437,600	5,300	49,158,100	16,803,900	23,983,000	403,574,718	29,519,425	3,148,433	374,055,293	0.942	456,296,267
2007	3,297,700	279,454,560	437,600	5,300	49,213,100	16,803,900	23,983,000	405,879,343	29,951,425	2,732,758	375,927,918	0.937	511,173,796
2008	5,960,300	282,165,460	437,600	5,300	48,804,000	16,823,900	23,083,000	409,737,532	30,395,825	2,062,147	379,341,707	0.980	575,868,580

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**Washington Borough School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Washington Borough Board of Education			Warren Hills Regional School District	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct		Washington Borough	Warren County	
1999	\$0.970	\$0.000	\$0.970	\$0.820	\$1.090	\$0.710	\$3.590
2000	\$0.905	\$0.000	\$0.905	\$0.919	\$0.875	\$0.741	\$3.440
2001	\$0.920	\$0.000	\$0.920	\$0.946	\$0.852	\$0.772	\$3.490
2002	\$0.990	\$0.000	\$0.990	\$0.968	\$0.868	\$0.744	\$3.570
2003	\$1.120	\$0.000	\$1.120	\$1.020	\$0.868	\$0.752	\$3.760
2004	\$0.932	\$0.000	\$0.932	\$0.814	\$0.704	\$0.600	\$3.050
2005	\$0.882	\$0.045	\$0.927	\$0.849	\$0.755	\$0.669	\$3.200
2006	\$0.887	\$0.055	\$0.942	\$1.000	\$0.845	\$0.723	\$3.510
2007	\$0.883	\$0.054	\$0.937	\$1.076	\$0.926	\$0.781	\$3.720
2008	\$0.926	\$0.054	\$0.980	\$1.138	\$1.005	\$0.847	\$3.970

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

**Washington Borough School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Warren Washington Assn.	\$ 7,000,000	1	1.85%	\$ 5,800,000	2	2.02%
BASF Corporation	4,722,000	2	1.24%	4,114,400	3	1.43%
Pechiney Plastic Packaging	4,552,800	3	1.20%			
Washington Gardens LOC	3,990,000	4	1.05%			1.08%
Washington Plaza Assoc.	3,900,000	5	1.03%	3,100,000	5	
Washington Heights, LLC	2,000,000	6	0.53%	1,700,000	7	0.59%
Individual Taxpayer #1	1,938,900	7	0.51%	3,438,100	4	0.54%
Warren Lumber	1,658,000	8	0.44%	1,547,000	8	1.20%
Individual Taxpayer #2	1,649,000	9	0.43%	1,522,400	9	0.53%
Candle Artisans, Inc.	1,550,000	10	0.41%	1,989,900	6	0.69%
American National Can Co.				6,060,000	1	2.11%
NJ Bell Telephone				1,499,500	10	0.52%
<b>Total</b>	<b>\$ 32,960,700</b>		<b>8.69%</b>	<b>\$ 30,771,300</b>		<b>10.71%</b>

Washington Gardens LOC

Source: District CAFR & Municipal Tax Assessor

**Washington Borough School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$2,727,137	\$2,727,137	100.00%	-
2000	\$2,429,159	\$2,429,159	100.00%	-
2001	\$2,518,776	\$2,518,776	100.00%	-
2002	\$2,731,197	\$2,731,197	100.00%	-
2003	\$3,170,496	\$3,170,496	100.00%	-
2004	\$3,170,496	\$3,170,496	100.00%	-
2005	\$3,217,762	\$3,217,762	100.00%	-
2006	\$3,313,716	\$3,313,716	100.00%	-
2007	\$3,313,716	\$3,313,716	100.00%	-
2008	\$3,507,666	\$3,507,666	100.00%	-

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

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

**Washington Borough School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
1998	-0-	-0-	-0-	-0-	-0-			
2000	-0-	-0-	-0-	-0-	-0-			
2001	-0-	-0-	-0-	-0-	-0-			
2002	-0-	-0-	-0-	-0-	-0-			
2003	\$ 3,226,000	-0-	-0-	-0-	-0-	\$ 3,226,000	1.43%	\$476.58
2004	\$ 3,226,000	-0-	-0-	-0-	-0-	\$ 3,226,000	1.40%	\$474.13
2005	\$ 3,176,000	-0-	-0-	-0-	-0-	\$ 3,176,000	1.34%	\$467.20
2006	\$ 3,121,000	-0-	-0-	-0-	-0-	\$ 3,121,000	1.27%	\$462.51
2007	\$ 3,066,000	-0-	-0-	-0-	-0-	\$ 3,066,000	1.18%	\$457.95
2008	\$ 3,006,000	-0-	-0-	-0-	-0-	\$ 3,006,000	1.16%	\$448.99

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

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

\* Current data unavailable

**Washington Borough School District  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	-0-	-0-	-0-	0.00%	-0-
2000	-0-	-0-	-0-	0.00%	-0-
2001	-0-	-0-	-0-	0.00%	-0-
2002	-0-	-0-	-0-	0.00%	-0-
2003	\$ 3,226,000	-0-	\$ 3,226,000	1.14%	\$ 477
2004	\$ 3,226,000	-0-	\$ 3,226,000	0.90%	\$ 474
2005	\$ 3,176,000	-0-	\$ 3,176,000	0.86%	\$ 467
2006	\$ 3,121,000	-0-	\$ 3,121,000	0.83%	\$ 463
2007	\$ 3,066,000	-0-	\$ 3,066,000	0.82%	\$ 458
2008	\$ 3,006,000	-0-	\$ 3,006,000	0.79%	\$ 449 *

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

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

**b** Population data can be found in Exhibit NJ J-14.

\* Current data unavailable

**Washington Borough School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2007**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Borough of Washington	\$ 9,590,019	100.000%	\$ 9,590,019
<b>Other debt</b> Warren County	12,210,000	4.286%	<u>523,267</u>
Subtotal, overlapping debt			10,113,286
<b>Washington Borough School District Direct Debt</b>			<u>3,006,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 13,119,286</u></u>

**Sources:** Borough Finance Officer, Warren County Finance Office and Utility Authorities

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

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

Washington Borough School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2007

	Equalized valuation basis
	2005 \$ 501,157,762
	2006 563,228,434
	2007 582,491,215
	<b>[A]</b> \$ <u>1,646,877,411</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 548,959,137
Debt limit (2.5% of average equalization value)	<b>[B]</b> 13,723,978
Net bonded school debt	<b>[C]</b> 3,006,000
Legal debt margin	<b>[B-C]</b> \$ <u>10,717,978</u>

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$8,124,085	\$8,250,459	\$8,382,959	\$8,722,781	\$8,943,918	\$8,513,871	\$9,608,506	\$11,064,294	\$12,559,471	13,723,978
Total net debt applicable to limit	-	-	-	-	3,226,000	3,226,000	3,176,000	3,121,000	3,066,000	3,006,000
Legal debt margin	<u>\$8,124,085</u>	<u>\$8,250,459</u>	<u>\$8,382,959</u>	<u>\$8,722,781</u>	<u>\$5,717,918</u>	<u>\$5,287,871</u>	<u>\$6,432,506</u>	<u>\$7,943,294</u>	<u>\$9,493,471</u>	<u>\$10,717,978</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	36.07%	37.89%	33.05%	28.21%	24.41%	21.90%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Washington Borough School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
1999	6,712	\$ 195,621,240	\$ 29,145	4.1%
2000	6,708	\$ 204,714,744	\$ 30,518	3.0%
2001	6,714	\$ 219,514,230	\$ 32,695 R	3.5%
2002	6,739	\$ 218,768,157	\$ 32,463 R	5.2%
2003	6,769	\$ 225,705,536	\$ 33,344 R	5.6%
2004	6,804	\$ 229,709,844	\$ 33,761 R	4.2%
2005	6,798	\$ 237,596,898	\$ 34,951 R	4.2%
2006	6,748	\$ 246,072,568	\$ 36,466 R	3.8%
2007	6,695	* \$ 259,712,440	\$ 38,792 R	3.5%
2008	6,695	* \$ 259,712,440	\$ 38,792 *	*

**Source:**

<sup>a</sup> Combined Population information provided by the NJ Dept of Labor and Workforce C

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised      \* Current data unavailable

Washington Borough School District  
Principal Employers,  
Current Year and Nine Years Ago

Exhibit J-15  
N/A

Employer	2008			1999		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

**Source:**  
No reliable information is available at the local or county level.

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

**Exhibit J-16**

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction										
Regular	40.0	40.5	39.5	39.5	38.0	39.0	35.5	37.0	37.0	37.0
Special education	7.0	8.5	9.7	8.4	10.0	8.0	9.5	9.5	10.0	10.0
Other special education	4.0	4.0	4.0	4.5	5.7	8.5	9.0	10.0	10.0	9.5
Other instruction	9.0	9.0	8.0	8.0	8.0	8.0	7.0	6.2	6.2	6.2
Support Services:										
Tuition										
Student & instruction related services										
General administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.6	3.6	3.6
School administrative services	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Central services	5.0	5.0	5.4	5.4	4.0	5.2	5.2	5.2	5.2	5.2
Plant operations and maintenance	3.8	4.0	4.4	4.8	4.8	4.8	5.0	5.0	5.0	5.0
Special Schools										
Total	<u>74.0</u>	<u>76.2</u>	<u>76.2</u>	<u>75.8</u>	<u>75.7</u>	<u>78.7</u>	<u>76.4</u>	<u>77.7</u>	<u>78.2</u>	<u>77.7</u>

**Source:** District Personnel Records

Washington Borough School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit 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				
1999	636	\$5,398,696	\$ 8,489	4.17%	59	11:1	635.8	604.0	-2.70%	95.00%
2000	630	\$5,575,460	\$ 8,850	4.26%	62	9.8:1	629.5	597.1	-0.99%	94.85%
2001	620	\$5,896,462	\$ 9,510	7.46%	62	9.8:1	622.6	587.5	-1.10%	94.36%
2002	604	\$6,531,181	\$ 10,813	13.70%	62	9.8:1	604.3	572.0	-2.94%	94.65%
2003	604	\$6,424,553	\$ 10,637	-1.63%	62	9.8:1	594.8	560.2	-1.57%	94.18%
2004	561	\$6,827,664	\$ 12,171	14.42%	62	9.8:1	561.1	529.3	-5.67%	94.33%
2005	506	\$7,238,475	\$ 14,305	17.54%	62	12.7:1	499.7	474.2	-10.94%	94.90%
2006	506	\$6,827,664	\$ 13,493	-5.68%	63	12.7:1	505.4	478.8	1.14%	94.74%
2007	521	\$7,238,475	\$ 13,893	2.96%	63	12.7:1	526.0	520.8	4.08%	99.01%
2008	513	\$7,480,935	\$ 14,583	4.96%	63	12.3:1	505.1	478.0	-3.97%	94.63%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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)

**Washington Borough School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Taylor School										
Square Feet	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512
Capacity (students)	268	268	268	268	268	268	268	268	268	268
Enrollment	300	262	232	212	220	205	209	226	241	239
Memorial School										
Square Feet	39,540	39,540	39,540	39,540	39,540	39,540	39,540	48,708	48,708	48,708
Capacity (students)	358	358	358	358	358	358	358	358	358	358
Enrollment <sup>a</sup>	350	363	398	388	383	301	344	280	280	274
Total Enrollment	650	625	630	600	603	506	553	506	521	513

Nur

7 **Source:** District records, ASSA

Elementary = 2

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

WASHINGTON BOROUGH SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Six Fiscal Years Ending June 30, 2008

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
Washington Memorial School	055	\$10,955	\$13,394	\$59,834	\$35,230	\$19,999	\$33,629	\$173,041
Taylor Street School	060	11,867	14,509	62,826	36,962	20,983	35,282	182,429
Total School Facilities		22,822	27,903	122,660	72,192	40,982	68,911	355,470
Other Facilities								
<b>Grand Total</b>		<b>\$22,822</b>	<b>\$27,903</b>	<b>\$122,660</b>	<b>\$72,192</b>	<b>\$40,982</b>	<b>\$68,911</b>	<b>\$355,470</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE  
JUNE 30, 2008  
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMMERCIAL PACKAGE POLICY - New Jersey School Boards Ins. Group</b>		
Property-Blanket Building and Contents	\$10,490,606,031	\$1,000
Comprehensive General Liability:		
General Aggregate	5,000,000	
Occurrence Limit	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Theft, Disappearance and Destruction:		
Inside	5,000	500
Outside	5,000	500
<b>COMPUTERS AND SCHEDULED EQUIPMENT - New Jersey School Boards Insurance Company</b>		
Blanket Hardware/Software	112,000	1,000
<b>BOILER AND MACHINERY - New Jersey School Boards</b>		
Property Damage	Not Limited	1,000
<b>SCHOOL BOARD LEGAL LIABILITY - New Jersey School Boards</b>		
Limit Each Loss	5,000,000	5,000
Limit Each Policy Year	5,000,000	
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND-New Jersey School Boards</b>		
Blanket Employee Limit	400,000	1,000
<b>PUBLIC OFFICIAL BOND-Selective Insurance Company</b>		
School Board Secretary	400,000	
Treasurer of School Monies	400,000	

SOURCE: District Records

# Single Audit Section



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

Honorable President and  
 Members of the Board of Education  
 Washington Borough School District  
 County of Warren  
 Washington, New Jersey 07882

We have audited the financial statements of the Board of Education of the Washington Borough School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated October 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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

In planning and performing our audit, we considered the Washington Borough School Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington Borough School Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Washington Borough School Board of Education's internal control over financial reporting.

-Continued-

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the audit committee, management, the Washington Borough School District Board of Education, the New Jersey State Department of Education, and other 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.



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: October 16, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
 MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
 IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and  
 Members of the Board of Education  
 Washington Borough School District  
 County of Warren  
 Washington, New Jersey 07882

### **Compliance**

We have audited the compliance of the Washington Borough School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. The Washington Borough School District Board of Education's major 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 state programs is the responsibility of the Washington Borough School District Board of Education's management. Our responsibility is to express an opinion on the Washington Borough School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

-Continued-

An audit includes examining, on a test basis, evidence about the Washington Borough School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Washington Borough School District Board of Education's compliance with those requirements.

In our opinion the Board of Education of the Washington Borough School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2008.

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Washington Borough School Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Washington Borough School District Board of Education, the New Jersey State Department of Education, and other 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.



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: October 16, 2008

WASHINGTON BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 20, 2008

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/07	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2008			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Core Curriculum Standards Aid	08-495-034-5120-022	7/1/07-6/30/08	\$ 1,765,208			\$ 1,765,208	\$ (1,765,208)							*	\$ 87,778 \$ 1,765,208
Supplemental CCS Aid	08-495-034-5120-023	7/1/07-6/30/08	64,251			64,251	(64,251)							*	3,195 64,251
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	48,885			48,885	(48,885)							*	2,431 48,885
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	577,140			577,140	(577,140)							*	28,700 577,140
Bilingual Aid	08-495-034-5120-008	7/1/07-6/30/08	20,898			20,898	(20,898)							*	1,039 20,898
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	61,430			61,430	(61,430)							*	3,055 61,430
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	126,861			126,861	(126,861)							*	6,308 126,861
Extraordinary Aid	07-495-034-5120-044	7/1/06-6/30/07		\$ (6,582)		6,582								*	
Extraordinary Aid	08-495-034-5120-044	7/1/07-6/30/08	6,465				(6,465)			\$ (6,465)				*	6,465
Teacher Quality Mentoring	08-495-034-5120-052	7/1/07-6/30/08	2,046			2,046	(2,046)							*	2,046
Non-Public Transportation Aid	07-495-034-5120-044	7/1/06-6/30/07		(936)		936								*	
On-behalf TPAF Pension Contrib.	08-495-034-5095-001	7/1/07-6/30/08	509,269			509,269	(509,269)							*	509,269
Reimbursed TPAF Soc. Secur. Contrib.	08-495-034-5095-002	7/1/07-6/30/08	263,684	(11,230)		248,980	(263,684)				(25,934)			*	263,684
<b>Total General Fund</b>				<b>(18,748)</b>		<b>3,432,486</b>	<b>(3,446,137)</b>				<b>(32,399)</b>			*	<b>132,506 3,446,137</b>
<b>Special Revenue Fund:</b>															
Instructional Supplement Aid	08-495-034-5120-029	7/1/07-6/30/08	38,787			38,787	(38,787)							*	1,940 38,787
Targeted At-Risk Aid	08-495-034-5120-005	7/1/07-6/30/08	68,500			68,500	(58,150)			\$10,350				*	3,425 58,150
<b>Total Special Revenue Fund</b>				-		<b>107,287</b>	<b>(96,937)</b>			-	<b>10,350</b>			*	<b>5,365 96,937</b>
<b>Capital Projects Fund:</b>															
Section 15 Grant Agreement	5480-055-02-0297	7/1/07-6/30/08				59,751	(59,751)							*	1,442,733
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog.(State Share)	07-100-010-3350-023	7/1/06-6/30/07		(165)		165								*	
State School Breakfast Program	07-100-010-3350-021	7/1/06-6/30/07		(42)		42	-							*	
Nat. School Lunch Prog.(State Share)	08-100-010-3350-023	7/1/07-6/30/08	2,662			2,459	(2,662)				(203)			*	2,662
State School Breakfast Program	08-100-010-3350-021	7/1/07-6/30/08	536			501	(536)				(35)			*	536
<b>Total Enterprise Fund</b>				<b>(207)</b>		<b>3,167</b>	<b>(3,198)</b>				<b>(238)</b>			*	<b>3,198</b>
<b>Total State Financial Assistance</b>				<b>\$ (18,955)</b>	<b>\$ -</b>	<b>\$ 3,602,691</b>	<b>\$ (3,606,023)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (32,637)</b>	<b>\$ 10,350</b>	<b>\$ -</b>		*	<b>\$ 137,871 \$ 4,989,005</b>

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2008

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Washington Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,912) for the general fund and \$2,676 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2008

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,441,225	\$ 3,441,225
Special Revenue Fund	\$ 263,546	93,341	356,887
Capital Projects Fund		59,751	59,751
Food Service Fund	<u>59,011</u>	<u>3,198</u>	<u>62,209</u>
Total Financial Assistance	<u>\$ 322,557</u>	<u>\$ 3,597,515</u>	<u>\$ 3,920,072</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 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, 2008. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2008.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Part I - Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unqualified
  
- B) Internal control over financial reporting:
  - 1) Material weakness(es) identified? \_\_\_ Yes x No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes  
x None  
Reported
  
- C) Noncompliance material to financial statements noted? \_\_\_ Yes x No

**Federal Awards Section**

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000
  
- E) Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_ No
  
- F) Type of auditor's report on compliance for major programs: Unqualified
  
- G) Internal Control over compliance:
  - 1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ No
  
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? \_\_\_ Yes \_\_\_ No
  
- I) Identification of major programs:

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes \_\_\_no\_\_\_N/A
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
  - 1) Material weakness(es) identified? \_\_\_yes x no\_\_\_N/A
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? \_\_\_yes x no
- O) Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

08-495-034-5120-011

Special Education Aid

08-495-034-5120-022

Core Curriculum Standards Aid

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Section II-Financial Statement Findings**

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

**Section III - State Financial Assistance Findings and Questioned Costs**

**STATE FINANCIAL ASSISTANCE**-There were no state financial assistance findings or questioned costs noted, that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.