

WALLINGTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Wallington, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SCHOOL DISTRICT
OF
WALLINGTON

WALLINGTON BOARD OF EDUCATION
WALLINGTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY
WALLINGTON BOARD OF EDUCATION
BOARD SECRETARY'S OFFICE

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INTRODUCTORY SECTION

BOARD OF EDUCATION
WALLINGTON, N.J. 07057

JOSEPH BRUNACKI III
BUSINESS ADMINISTRATOR
BOARD SECRETARY

JEFFERSON SCHOOL
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October 11, 2011

President DeFilippis and
Members of the Wallington Board of Education
Wallington, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Wallington School District for the fiscal year ended June 30, 2011, 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 to the best of our knowledge and belief. The data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the financial statements and schedules, as well as the auditors' report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury OMB Circular

Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, E.S.L., as well as special education for handicapped youngsters. The District's Oct. 15, 2010 state aid student count was 1,169 students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The enrollment in the Wallington Public School District has leveled off after experiencing significant growth in previous years. The district has also experienced a significant increase in "at risk" students since 1996. These are pupils who come from low-income families eligible for a free or reduced lunch. The trend shows: (Oct 30 count)

1996-97	-	137	"at risk" students
1997-98	-	140	"at risk" students
1998-99	-	124	"at risk" students
1999-00	-	118	"at risk" students
2000-01	-	108	"at risk" students
2001-02	-	105	"at risk" students
2002-03	-	155	"at risk" students
2003-04	-	155	"at risk" students
2004-05	-	184	"at risk" students
2005-06	-	191	"at risk" students
2006-07	-	232	"at risk" students
2007-08	-	230	"at risk" students
2008-09	-	248	"at risk" students
2009-10	-	306	"at risk" students
2010-11	-	321	"at risk" students

3. **MAJOR INITIATIVES:** The District's H.S.P.A. (grade 11) and NJ ASK (grades 3, 4, 5, 6, 7 and 8) results continue to compare favorably to other reference groups (i.e. national, state, county, D.F.G., etc.). The Department of Education increased

the level of success needed for proficiency on all NCLB tests across all levels resulting in an increase of students in need of Basic Skills instruction, and the high School not meeting AYP in the Language section of the HSPA tests. Although we still compare favorably to the groups mentioned above, this resulted in the formulation of many initiatives to increase test scores to the new minimum levels which will now be well above past performance levels. Our district goal in Language Arts Literacy is as follows:

A. By June of 2012 the percentage of students passing the Language Arts section of the NJDOE State Assessment Test (NJ ASK / HSPA) will meet all adequate yearly progress and safe harbor levels which were significantly increased for 2011 - 2013 as mandated for all subgroups by No Child Left Behind Legislation. These goals will be addressed by a comprehensive basic skills program, intensive staff development, offering supplemental education services, revised curricula, targeted instruction and differentiated instruction.

District Test Results vs. State Benchmarks are as follows:

	Wallington	State Benchmark
Mathematics	<i>percentage passing</i>	
Grade 3	81.3	83
Grade 4	70.8	83
Grade 5	84.7	83
Grade 6	82	80
Grade 7	69.8	80
Grade 8	84.9	80
Grade 11	71.7	86
Language	<i>percentage passing</i>	
Grade 3	65.8	79
Grade 4	57.9	79
Grade 5	61.9	79
Grade 6	65.9	86
Grade 7	64.7	86
Grade 8	87	86
Grade 11	88.9	92

B. The district implemented a community service project this year.

The purpose of the community service program is to provide all high school students the opportunity to have a positive impact on our local community while learning that service to others is an on-going part of life. It is the intent of the Board to develop, encourage and promote partnerships with city agencies, community-based organizations and not-for-profit service entities in order to provide appropriate service opportunities for high school students.

Implementation of this Service Learning graduation requirement shall begin with Juniors in September 2011, which will be prorated as follows:

 Graduating class of 2013 - 20 hours
 Graduating class of 2014 - 30 hours
 Graduating class of 2015 and all subsequent classes - 40 hours

Community service hours must be completed at a non-profit organization.

A student may volunteer for a single organization or at a variety of organizations.

Students are encouraged to complete their hours in areas related to their personal interests.

Paid experiences do not qualify.

Working without pay at your job or for a family business does not qualify.

Students can earn a maximum of 20 hours through a sport.

Students cannot earn hours for donating items or money...only their time.

The community service requirement will be prorated for students transferring into Wallington after the beginning of their Junior year.

The Superintendent of Schools will determine and maintain a database of all activities that qualify as community service.

Students will be responsible for maintaining a copy of all documentation for which they claim community service hours.

All student records pertaining to the community service requirement will be maintained in the Guidance Office

For students enrolled after the first semester of their freshmen year, the requirement will be prorated to equal five hours times the number of semesters enrolled in the Wallington Public Schools.

Service may begin the summer prior to a student's freshmen year.

Childcare/babysitting count only when done for a non-profit organization.

C. S.A.T. - The district has been focusing on SAT scores. We will continue our efforts to raise SAT scores by providing additional instruction opportunities in this area.

D. The percentage of 2011 graduates who planned on attending post-secondary school educational programs remains level for our 2011 graduates at 92%. More than 97.7% of our seniors in September 2010 graduated by Aug. 31, 2011. Our goal, as always, is for 100% of our graduates to attend a post-secondary program.

E. Core Curriculum Content Standards - Our courses of study in math, science, language arts and visual & performing arts were all revised during the 2010-2011 school year. The district's "mapping" updates occur on a yearly basis, and ensure alignment with thwe most current standards. The scope and sequence of instruction was being correlated to the NJ ASK 3, 4, 5, 6, 7 and 8, HSPA and identified district goals. The maps were revised for 2011-12 based on an analysis of each area during the 2010-11 school year. The district has a person who assists the superintendent in analyzing and revising the curriculum. The curriculum will continue to be reviewed annually regarding the CCCS and State Assessments, and revised accordingly.

F. Facilities - We have enacted a major initiative to relieve the pressure of enrollment growth at the elementary school level. Modular structures still provide for four additional classrooms at Jefferson School. We have requested, and received approval for an extension to use these "temporary facilities." This has enabled us to reinstate our library and special

services program in Jefferson School. The board of education and governing body are in discussion concerning property to build a new elementary school which would house all students pre-K to grade 3.

Every classroom and office in the district is Internet accessible. A full functioning fiber optic network was in place for the 2007-08 school year, and our bandwidth was upgraded to allow for faster access with full multimedia capabilities. (www.wboe.org) is updated continuously and will be maintained by the Technology Coordinator along with staff members in training. The website is undergoing a major redesign with the focus on increased parental access.

A renovation of an old former industrial arts facility in the junior-senior high school now underway, and should be completed shortly. Partial funding is available from a prior successful referendum.

Several other facility matters are in various stages of development. They are in the Long-Range Facilities Plan submitted to the Department of Education by Architect's Alliance.

- Conversion of an old industrial arts area into a classroom and central office suite. (Work projected to be completed 11/11)
- Addition to the Jefferson School (nine classrooms, a media center and an all-purpose room). (Approval is pending)
- Work on the athletic fields. (Project projected to be completed 11/11)
- The high school HVAC system is now functional. (Work began in 2007-08 and was completed in summer of 2009.)
- A district-side emphasis on technology continues with the addition of smart board/interactive white board units. A staff support system to promote integration of this technologies into lessons is being piloted. We will be upgrading our website this year with a major focus on increased parental access to student information and ultimately increased parental involvement.

G. Staffing - Kindergarten enrollment continues to be high, and the district will need to determine whether to continue to employ kindergarten aides to assist with the instruction at this level. In addition several special education aides have been added to our staff in the past. This will be monitored closely for necessary adjustments.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.9999

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for 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.

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, 2011.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. The system was purchased from Edumet.
7. **DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issues included \$2,987,856.00 in bonds and loans payable.
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with their 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.
10. **OTHER INFORMATION:**
 - A. **Independent Audit** - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP CPA, RMA has been appointed by the Board for our annual audit. 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, as amended, and the related OMB Circular A-133 and state Treasury OMB Circular Letter 04-04. The auditors'

report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' 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 Wallington School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



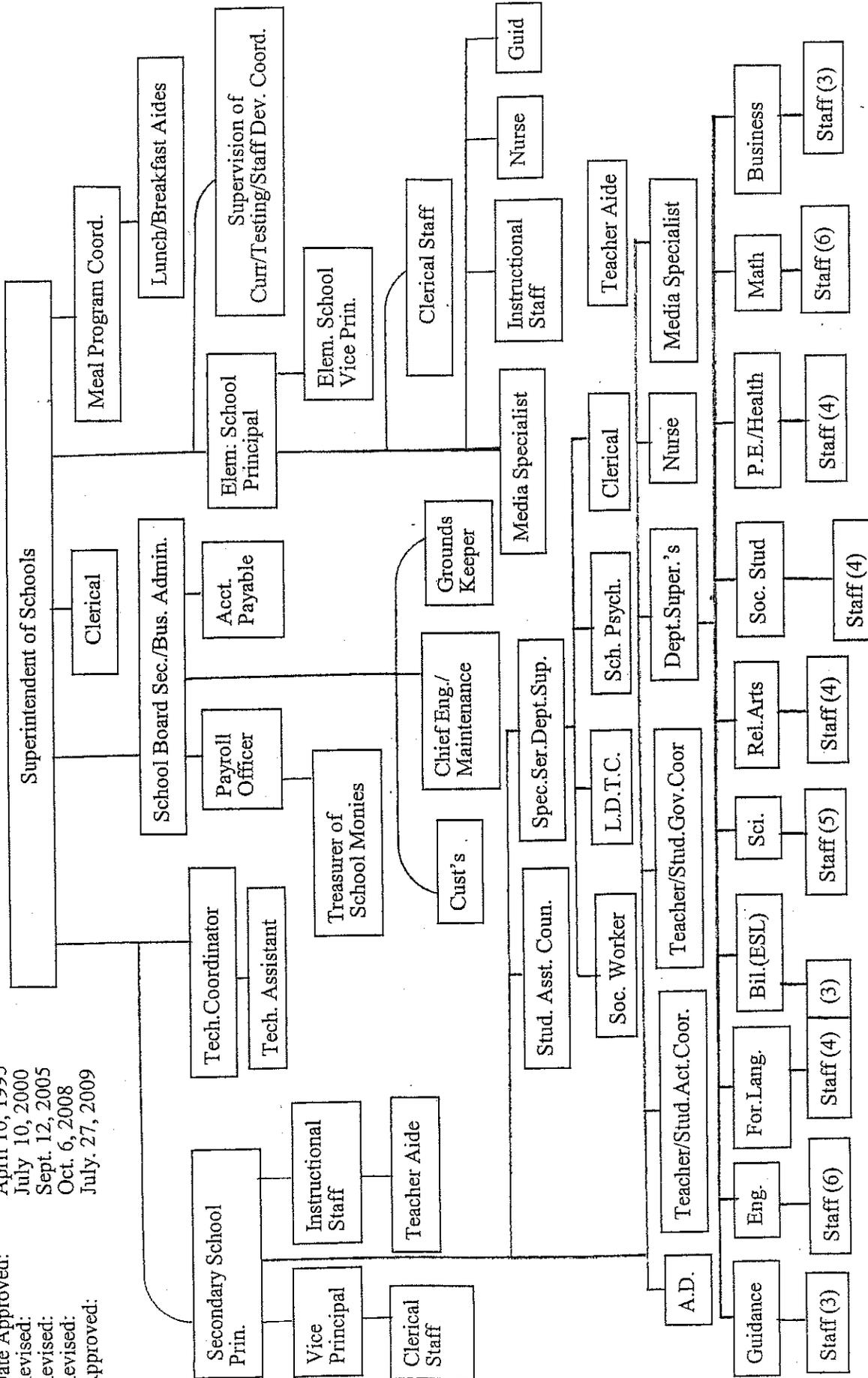
Al Pecora
Superintendent of Schools
Secretary/Business



Joseph C. Brunacki III
Board

WALLINGTON PUBLIC SCHOOLS
ORGANIZATIONAL CHART

Date Submitted: April 10, 1995
 Date Approved: April 10, 1995
 Revised: July 10, 2000
 Revised: Sept. 12, 2005
 Revised: Oct. 6, 2008
 Approved: July. 27, 2009



**WALLINGTON BOARD OF EDUCATION
WALLINGTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert DeFilippis, President	2012
Billy Ricci, Jr., Vice President	2012
Michael Labriola	2012
Pat Severino	2014
Bobby Ristovski	2014
David Pinto	2014
Joseph C. Smith	2013
Matthew Palmer	2013
Charles Vellis	2013

Other Officials

Mr. Albert Pecora, Superintendent

Joseph Brunacki III, Board Secretary/School Business Administrator

William Mendyk, Treasurer

Walter Slomienski, Esq., Solicitor

WALLINGTON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

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Wallington, NJ 07057

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TD Banknorth
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JULIUS B. CONSONI, CPA, PSA

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ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Wallington Board of Education
Wallington, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

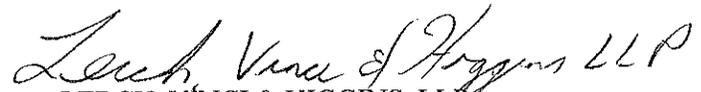
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by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

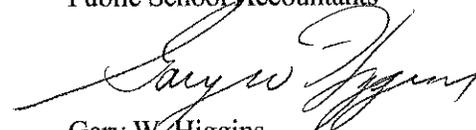
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2011 on our consideration of the Wallington 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wallington Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 11, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

***WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

The discussion and analysis of the Wallington School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

- In total, net assets increased \$1,942,778.
- General revenues accounted for \$14,511,100 in revenue or 77 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$4,229,978 or 23 percent of total revenues of \$18,741,078.
- Total net assets of governmental activities amounted to \$5,033,399 as of June 30, 2011.
- The District had \$16,637,454 in expenses related to governmental activities; only \$4,086,729 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,510,814 were not adequate to provide for these programs.
- Among governmental funds, the General Fund had \$16,118,324 in revenues and \$15,707,606 in expenditures. The General Fund's fund balance increased \$135,718 from 2010.

Using the Comprehensive Annual Financial report (CAFR)

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

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Using the Comprehensive Annual Financial report (CAFR) (Continued)

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 district's most significant funds. In the case of the Wallington School District, the General Fund is by far the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2011?" The *Statement of Net Assets* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is 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 District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial and some not. Non-financial factors include the 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 District is divided into two distinct kinds of activities:

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader 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.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The District as a Whole

The *Statement of Net Assets* provides the perspectives of the District as a whole, showing assets, liabilities and the difference between them (net assets). Net assets may serve over time as a useful indicator of a government's financial position.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The District as a Whole (Continued)

Table 1 provides a summary of the District's net assets as of June 30, 2011 and 2010.

Table 1
Net Assets

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 3,290,354	\$ 3,339,589
Capital Assets, net of accumulated depreciation	<u>5,529,703</u>	<u>5,968,480</u>
Total Assets	<u>8,820,057</u>	<u>9,308,069</u>
Liabilities		
Long-term Liabilities	3,450,447	3,781,158
Other Liabilities	<u>304,756</u>	<u>2,089,266</u>
Total Liabilities	<u>3,755,203</u>	<u>5,870,424</u>
Net Assets		
Invested in Capital Assets, Net of Debt	2,828,362	3,166,711
Restricted	2,141,050	453,271
Unrestricted	<u>95,442</u>	<u>(182,337)</u>
Total Net Assets	<u>\$ 5,064,854</u>	<u>\$ 3,437,645</u>

The District's combined net assets were \$5,064,854 and \$3,437,645 on June 30, 2011 and 2010, respectively. This reflects an increase of 47 percent from the prior year, primarily due to a contribution from the Borough of Wallington for a capital project pertaining to the high school athletic field which will be undertaken in the 2011/12 fiscal year.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Table 2 shows changes in net assets for fiscal years ended June 30, 2011 and 2010.

Table 2
Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues:		
Charge for Services	\$ 34,989	\$ 37,485
Grants and Contributions	4,194,989	3,392,784
General Revenues:		
Property Taxes	12,589,753	11,884,216
Unrestricted State and Federal Aid	1,803,979	1,592,163
Other	117,368	110,400
Total Revenues	<u>18,741,078</u>	<u>17,017,048</u>
Program Expenses		
Instruction	10,451,275	11,301,890
Support Services:		
Pupils and Instructional Staff	2,077,851	2,313,938
General Administration, School Administration, Business/Central Operations and Maintenance of Facilities	3,546,806	3,498,010
Pupil Transportation	432,642	395,153
Interest on Debt	128,880	137,289
Food Service	160,846	129,128
Total Expenses	<u>16,798,300</u>	<u>17,775,408</u>
Change in Net Assets	<u>\$ 1,942,778</u>	<u>\$ (758,360)</u>

Governmental Activities

The unique nature of funding public schools primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District's operations. The District's total revenues of governmental activities were \$18,597,543 and \$16,877,626 for the years ended June 30, 2011 and 2010, respectively. Property taxes made up 68 and 70 percent of revenues for governmental activities for the Wallington School District for fiscal years 2011 and 2010, respectively. Federal, state and local grants accounted for another 32 and 29 percent of revenue for fiscal years ended June 30, 2011 and 2010, respectively.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Governmental Activities (Continued)

The total cost of all programs and services was \$16,633,975 and \$16,646,280 for the fiscal years ended June 30, 2011 and 2010, respectively. Instruction comprises 63 and 64 percent of governmental program expenses for the fiscal years ended June 30, 2011 and 2010, respectively. Support service expenses make up 36 and 35 percent of governmental expenses for the fiscal years ended June 30, 2011 and 2010, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, 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

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction	\$ 10,451,275	\$ 11,301,890	\$ 8,275,951	\$ 8,738,227
Support Services:				
Pupils and Instructional Staff	2,077,851	2,313,938	1,711,228	1,937,017
General Administration, School Admin., Business-Central, Operation and Maintenance of Facilities	3,546,806	3,498,010	2,010,354	3,201,260
Pupil Transportation	432,642	395,153	425,780	343,079
Interest on Debt	<u>128,880</u>	<u>137,289</u>	<u>127,412</u>	<u>135,424</u>
 Total Expenses	 <u>\$ 16,637,454</u>	 <u>\$ 17,646,280</u>	 <u>\$ 12,550,725</u>	 <u>\$ 14,355,007</u>

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$143,535 and expenses of \$160,846 in fiscal year 2011. Of the revenues, \$34,989 were charges for services paid by patrons for daily food service, \$108,260 was from State and Federal reimbursements and \$286 represents investment earnings.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$18,602,856 and expenditures were \$16,851,175 for the fiscal year ended June 30, 2011. The net change in the fund balance for the fiscal year ended June 30, 2011 was an increase of \$1,751,681. This increase is primarily due to a contribution from the Borough of Wallington related to a capital project.

The following schedules present a comparison of the revenues of the governmental funds for the fiscal years ending June 30, 2011 and 2010.

<u>Revenue</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Local Sources	\$ 14,139,067	\$ 11,998,937	76%	71%
State Sources	3,832,555	3,756,414	21%	22%
Federal Sources	<u>631,234</u>	<u>1,122,275</u>	<u>3%</u>	<u>7%</u>
 Total	 <u>\$ 18,602,856</u>	 <u>\$ 16,877,626</u>	 <u>100%</u>	 <u>100%</u>

The following schedule represents a comparison of the governmental funds expenditures for the fiscal years ending June 30, 2011 and 2010.

<u>Expenditures</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current:				
Instruction (Including Tuition)	\$ 10,561,203	\$ 10,980,848	63%	61%
Support Services	5,646,990	6,099,211	34%	34%
Capital Outlay	310,249	494,509	2%	3%
Debt Service:				
Principal	201,662	174,599	1%	1%
Interest	<u>131,071</u>	<u>138,417</u>	<u>1%</u>	<u>1%</u>
 Total	 <u>\$ 16,851,175</u>	 <u>\$ 17,887,584</u>	 <u>100%</u>	 <u>100%</u>

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

General Fund Budgeting Highlights

The 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 budget fund is the General Fund.

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal year 2011, the District had \$5,529,703 invested in land, buildings, furniture, equipment and vehicles used for governmental and business-type activities. Overall capital assets decreased \$123,208 from fiscal year 2010 to fiscal year 2011. Table 4 shows capital assets net of depreciation at June 30, 2011 and 2010 for governmental and business-type activities.

Table 4
Capital Assets Net of Depreciation

	<u>2011</u>	<u>2010</u> (Restated)
Land	\$ 21,354	\$ 21,354
Construction in Progress	690,990	550,930
Land Improvements	33,756	27,175
Buildings and Building Improvements	4,679,956	4,916,331
Machinery and Equipment	<u>103,647</u>	<u>137,121</u>
 Total	 <u>\$ 5,529,703</u>	 <u>\$ 5,652,911</u>

Long-Term Liabilities

At June 30, 2011, the District had \$3,450,447 of long-term liabilities. Of this amount, \$462,591 is for compensated absences; \$114,856 for loans for school construction and \$2,873,000 for bonds payable issued to fund the referendum approved in 2005.

***WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

For the Future

The Wallington School District is in stable financial condition presently. The District is proud of its community support of the public schools. A major concern is the potential enrollment growth of the district and the increased reliance on property taxes as well as State laws restricting fund balances/net assets.

In conclusion, the District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Joseph Brunacki, Business Administrator/Board Secretary at Wallington Board of Education, Jefferson School – Pine Street, Wallington, NJ 07057.

BASIC FINANCIAL STATEMENTS

WALLINGTON BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,120,457	\$ 23,437	\$ 1,143,894
Receivables, net			
Receivables from Other Governments	1,845,608	8,018	1,853,626
Prepaid Expense	275,000		275,000
Deferred Charges	17,834		17,834
Capital Assets			
Not Being Depreciated	712,344		712,344
Being Depreciated, net	<u>4,817,359</u>	<u>-</u>	<u>4,817,359</u>
Total Assets	<u>8,788,602</u>	<u>31,455</u>	<u>8,820,057</u>
LIABILITIES			
Accounts Payable	103,870		103,870
Due to State Government	4,902		4,902
Accrued Interest Payable	16,865		16,865
Unearned Revenue	179,119		179,119
Noncurrent Liabilities			
Due within one year	227,198		227,198
Due beyond one year	<u>3,223,249</u>	<u>-</u>	<u>3,223,249</u>
Total Liabilities	<u>3,755,203</u>	<u>-</u>	<u>3,755,203</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	2,828,362		2,828,362
Restricted for			
Capital Projects	2,141,049		2,141,049
Debt Service	1		1
Unrestricted	<u>63,987</u>	<u>31,455</u>	<u>95,442</u>
Total Net Assets	<u>\$ 5,033,399</u>	<u>\$ 31,455</u>	<u>\$ 5,064,854</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

WALLINGTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,256,489	\$	958,310		\$ (5,298,179)	\$	(5,298,179)
Special Education	2,953,540		1,123,481		(1,830,059)		(1,830,059)
School Sponsored Activities and Athletics	503,974				(503,974)		(503,974)
Other Instruction	737,272		93,533		(643,739)		(643,739)
Support Services							
Student & Instruction Related Services	2,077,851		366,623		(1,711,228)		(1,711,228)
School Administration Services	708,956		43,203		(665,753)		(665,753)
General Administration Services	426,646				(426,646)		(426,646)
Plant Operations and Maintenance	1,632,319		1,481,024		(139,070)		(139,070)
Pupil Transportation	432,642		6,862		(425,780)		(425,780)
Central Services	778,885				(778,885)		(778,885)
Interest on Long-Term Debt	128,880		1,468		(127,412)		(127,412)
Total Governmental Activities	16,637,454		2,605,705	1,481,024	(12,550,725)		(12,550,725)
Business-Type Activities							
Food Service	160,846	\$ 34,989	108,260			\$ (17,597)	(17,597)
Total Business-Type Activities	160,846	34,989	108,260			(17,597)	(17,597)
Total Primary Government	\$ 16,798,300	\$ 34,989	\$ 2,713,965	\$ 1,481,024	(12,550,725)	(17,597)	(12,568,322)
General Revenues							
Property Taxes:							
Levied for General Purposes					12,276,482		12,276,482
Levied for Debt Service					313,271		313,271
Federal and State Aid - Unrestricted					1,803,979		1,803,979
State Aid Restricted for Debt Service Principal					2,081		2,081
Investment Earnings					10,653	286	10,939
Miscellaneous Income					109,661		109,661
Other Items							
Loss on Disposal of Capital Assets					(5,313)		(5,313)
Total General Revenues and Other Items					14,510,814	286	14,511,100
Change in Net Assets					1,960,089	(17,311)	1,942,778
Net Assets, Beginning of Year					3,388,879	48,766	3,437,645
Prior Period Adjustment					(315,569)		(315,569)
Net Assets, Beginning of Year, Adjusted					3,073,310	48,766	3,122,076
Net Assets, End of Year					5,033,399	31,455	5,064,854

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

FUND FINANCIAL STATEMENTS

**WALLINGTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 935,524		\$ 184,932	\$ 1	\$ 1,120,457
Due from Other Funds	117,004				117,004
Prepaid Expense			275,000		275,000
Receivables, Net	<u>27,258</u>	<u>\$ 130,482</u>	<u>1,687,868</u>	<u>-</u>	<u>1,845,608</u>
Total Assets	<u>\$ 1,079,786</u>	<u>\$ 130,482</u>	<u>\$ 2,147,800</u>	<u>\$ 1</u>	<u>\$ 3,358,069</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 95,294	\$ 8,576			\$ 103,870
Due to State Government		4,902			4,902
Due to Other Funds		117,004			117,004
Deferred Revenue	<u>-</u>	<u>-</u>	<u>\$ 179,119</u>	<u>-</u>	<u>179,119</u>
Total Liabilities	<u>95,294</u>	<u>130,482</u>	<u>179,119</u>	<u>-</u>	<u>404,895</u>
Fund Balances					
Nonspendable					
Prepays			275,000		275,000
Restricted					
Capital Reserve	441,049				441,049
Excess Surplus	131,296				131,296
Capital Projects			1,693,681		1,693,681
Committed					
Encumbrances	234,878				234,878
Assigned					
Designated for Subsequent Year's					
Expenditures	110,000			1	110,001
Unassigned	<u>67,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,269</u>
Total Fund Balances	<u>984,492</u>	<u>-</u>	<u>1,968,681</u>	<u>1</u>	<u>2,953,174</u>
Total Liabilities and Fund Balances	<u>\$ 1,079,786</u>	<u>\$ 130,482</u>	<u>\$ 2,147,800</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,402,408 and the accumulated depreciation is \$3,872,705.

5,529,703

The District has financed capital assets through the issuance of long-term debt. The accrued interest at year end is:

(16,865)

Long-term liabilities, including serial bonds and loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	\$ (2,873,000)
Deferred Charge for Issuance Costs	17,834
Loans Payable	(114,856)
Compensated Absences	<u>(462,591)</u>
	<u>(3,432,613)</u>

Net Assets of Governmental Activities \$ 5,033,399

WALLINGTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,276,482			\$ 313,271	\$ 12,589,753
Interest Earned on Capital Reserve	2,780				2,780
Interest on Investments	7,873				7,873
Miscellaneous	109,661	\$ 4,000	\$ 1,425,000	-	1,538,661
Total - Local Sources	12,396,796	4,000	1,425,000	313,271	14,139,067
State Sources	3,710,569	62,413	56,024	3,549	3,832,555
Federal Sources	10,959	620,275	-	-	631,234
Total Revenues	16,118,324	686,688	1,481,024	316,820	18,602,856
EXPENDITURES					
Current					
Instruction					
Regular Instruction	6,081,345	261,414			6,342,759
Special Education Instruction	2,769,880	196,512			2,966,392
Other Instruction	742,370	5,708			748,078
School-Sponsored Activities and Athletics	503,974				503,974
Support Services					
Student & Instruction Related Services	1,845,862	218,440			2,064,302
School Administration Services	710,832				710,832
General Administration Services	421,662				421,662
Plant Operations and Maintenance	1,364,810				1,364,810
Pupil Transportation	432,642				432,642
Central Services	777,074				777,074
Debt Service					
Principal	15,912			185,750	201,662
Interest and Other Charges				131,071	131,071
Capital Outlay	41,243	4,614	140,060	-	185,917
Total Expenditures	15,707,606	686,688	140,060	316,821	16,851,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	410,718	-	1,340,964	(1)	1,751,681
Other Financing Sources (Uses)					
Operating Transfers In			275,000		275,000
Operating Transfers Out	(275,000)	-	-	-	(275,000)
Total Other Financing Sources (Uses)	(275,000)	-	275,000	-	-
Net Change in Fund Balances	135,718	-	1,615,964	(1)	1,751,681
Fund Balance, Beginning of Year	848,774	-	352,717	2	1,201,493
Fund Balance, End of Year	\$ 984,492	\$ -	\$ 1,968,681	\$ 1	\$ 2,953,174

**WALLINGTON BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,751,681

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of activities and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 185,917	
Depreciation Expense	<u>(303,812)</u>	(117,895)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any loss on capital assets.

Disposal of Capital Assets		(5,313)
----------------------------	--	---------

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences		144,961
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		
Loans Payable	35,750	
Bonds Payable	<u>150,000</u>	185,750

In the statement of activities, costs related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon issuance of the debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years. (1,286)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>2,191</u>
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Change in net assets of governmental activities \$ 1,960,089

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

**WALLINGTON BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
ASSETS	
Current Assets	
Cash	\$ 23,437
Intergovernmental Receivable	
State	169
Federal	<u>7,849</u>
Total Current Assets	<u>31,455</u>
Capital Assets	
Equipment	18,090
Less: Accumulated Depreciation	<u>(18,090)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>31,455</u>
 NET ASSETS	
Unrestricted	<u>31,455</u>
Total Net Assets	<u>\$ 31,455</u>

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

**WALLINGTON BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ <u>34,989</u>
Total Operating Revenues	<u>34,989</u>
OPERATING EXPENSES	
Cost of Sales	<u>160,846</u>
Total Operating Expenses	<u>160,846</u>
Operating Loss	<u>(125,857)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	2,146
Federal Sources	
National School Lunch Program	98,566
National School Breakfast Program	7,548
Interest and Investment Revenue	<u>286</u>
Total Nonoperating Revenues	<u>108,546</u>
Change in Net Assets	(17,311)
Total Net Assets, Beginning of Year	<u>48,766</u>
Total Net Assets, End of Year	<u>\$ 31,455</u>

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

**WALLINGTON BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 34,989
Cash Payments to Suppliers for Goods and Services	<u>(160,846)</u>
Net Cash Used by Operating Activities	<u>(125,857)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>108,221</u>
Net Cash Provided by Noncapital Financing Activities	<u>108,221</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>286</u>
Net Cash Provided by Investing Activities	<u>286</u>
Net Decrease in Cash and Cash Equivalents	(17,350)
Cash, Beginning of Year	<u>40,787</u>
Cash, End of Year	<u>\$ 23,437</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (125,857)</u>
Net Cash Used by Operating Activities	<u>\$ (125,857)</u>

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

**WALLINGTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	Unemployment Compensation <u>Trust Fund</u>	Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash	\$ 180,968	\$ 44,882	\$ 127,339
Due from Other Funds	<u>33,009</u>	<u>-</u>	<u>-</u>
Total Assets	<u>213,977</u>	<u>44,882</u>	<u>\$ 127,339</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 14,136
Accrued Salaries and Wages			1,000
Due to Other Funds			33,009
Due to Student Groups			79,194
Due to State Government	<u>6,759</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,759</u>	<u>-</u>	<u>\$ 127,339</u>
NET ASSETS			
Restricted For Scholarships		44,882	
Held in Trust for Unemployment Claims	<u>207,218</u>	<u>-</u>	
Total Net Assets	<u>\$ 207,218</u>	<u>\$ 44,882</u>	

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

**WALLINGTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 27,829	
Scholarship Donations	<u> -</u>	\$ <u>42,400</u>
Total Contributions	<u>27,829</u>	<u>42,400</u>
Investment Earnings		
Interest	<u>1,489</u>	<u>16</u>
Net Investment Earnings	<u>1,489</u>	<u>16</u>
Total Additions	<u>29,318</u>	<u>42,416</u>
DEDUCTIONS		
Unemployment Claims and Contributions	86,631	
Scholarship Awards	<u> -</u>	<u>33,411</u>
Total Deductions	<u>86,631</u>	<u>33,411</u>
Change in Net Assets	(57,313)	9,005
Net Assets, Beginning of the Year	<u>264,531</u>	<u>35,877</u>
Net Assets, End of the Year	<u>\$ 207,218</u>	<u>\$ 44,882</u>

The accompanying Notes to the Basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Wallington Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Wallington Board of Education this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted federal and state aid, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds. The District has no major enterprise funds.

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted federal and state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

3. *Capital Assets (Continued)*

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20-40
Heavy Equipment	5
Office Equipment and Furniture	5
Computer Equipment	5

4. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

5. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Nonspendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Prepays – Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholder and higher levels of government), through constitutional provisions, or by enabling legislation.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$260,173. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned 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 which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District on September 25, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010		\$ 453,269
Increases		
Interest earnings	\$ 2,780	
Deposits Approved by Board Resolution	<u>260,000</u>	
		<u>262,780</u>
		716,049
Withdrawals		
Approved by Voters in District Budget		<u>275,000</u>
Balance, June 30, 2011		<u>\$ 441,049</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$19,974,271. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

The 2011/12 budget includes a withdrawal of \$124,500 from the capital reserve account.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$131,296 which is required to be appropriated in the 2012/2013 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,497,083 and bank balances of the Board's cash and deposits amounted to \$1,821,580. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" are categorized as:

Depository Account

Insured	\$ <u>1,821,580</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 the Board had no deposits exposed to custodial credit risk since all deposits are insured either through FDIC or GUDPA.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds and nonmajor fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise Nonmajor</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 27,258	\$ 130,482	\$ 1,687,868	\$ 8,018	\$ 1,853,626
Gross Receivables	27,258	130,482	1,687,868	8,018	1,853,626
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 27,258</u>	<u>\$ 130,482</u>	<u>\$ 1,687,868</u>	<u>\$ 8,018</u>	<u>\$ 1,853,626</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Capital Projects Fund	
Unrealized School Facility Grants	<u>\$179,119</u>
Total deferred revenue for governmental funds	<u>\$179,119</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, <u>July 1, 2010</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 21,354				\$ 21,354
Construction in Progress	<u>762,307</u>	\$ (211,377)	\$ 140,060	-	<u>690,990</u>
Total Capital Assets, Not Being Depreciated	<u>783,661</u>	<u>(211,377)</u>	<u>140,060</u>	<u>-</u>	<u>712,344</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	8,494,305	(603,076)			7,891,229
Land Improvements	31,782		8,600		40,382
Machinery and Equipment	<u>761,917</u>	<u>(31,866)</u>	<u>37,257</u>	\$ (8,855)	<u>758,453</u>
Total Capital Assets Being Depreciated	<u>9,288,004</u>	<u>(634,942)</u>	<u>45,857</u>	<u>(8,855)</u>	<u>8,690,064</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(3,490,608)	515,710	(236,375)		(3,211,273)
Land Improvements	(4,607)		(2,019)		(6,626)
Machinery and Equipment	<u>(607,970)</u>	<u>15,040</u>	<u>(65,418)</u>	<u>3,542</u>	<u>(654,806)</u>
Total Accumulated Depreciation	<u>(4,103,185)</u>	<u>530,750</u>	<u>(303,812)</u>	<u>3,542</u>	<u>(3,872,705)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,184,819</u>	<u>(104,192)</u>	<u>(257,955)</u>	<u>(5,313)</u>	<u>4,817,359</u>
Government Activities Capital Assets, Net	<u>\$ 5,968,480</u>	<u>\$ (315,569)</u>	<u>\$ (117,895)</u>	<u>\$ (5,313)</u>	<u>\$ 5,529,703</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, July 1, 2011	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2011
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 18,090	-	-	\$ 18,090
Total Capital Assets Being Depreciated	18,090	-	-	18,090
Less Accumulated Depreciation for:				
Machinery and Equipment	(18,090)	-	-	(18,090)
Total Accumulated Depreciation	(18,090)	-	-	(18,090)
Total Capital Assets, Being Depreciated, Net	-	-	-	-
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Instruction		
Regular		\$ 11,604
Special Education		<u>2,791</u>
Total Instruction		<u>14,395</u>
Support Services		
Support Services-Students & Instruction Related Services		29,204
General Administration		3,429
School Administration		4,223
Operations and Maintenance of Plant		251,131
Business/Central Services		<u>1,430</u>
Total Support Services		<u>289,417</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 303,812</u>

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Upgrading Building Systems, ADA Improvements and Industrial Arts Room Conversion and Synthetic Turf at High School Athletic Field	\$ 426,978
Total	<u>\$ 426,978</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 117,004
Unemployment Compensation Trust Fund	Agency Fund	<u>33,009</u>
Total		<u>\$ 150,013</u>

The above balances are the result of expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>
	Capital Projects
<u>Transfer Out:</u>	
General Fund	<u>\$ 275,000</u>
Total transfer out	<u>\$ 275,000</u>

The above transfer is the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Operating Leases

The District is leasing copiers totaling \$124,332 under a noncancelable operating lease. Lease payments for the year ended June 30, 2011 were \$15,912. The future minimum lease payments for this operating lease are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 31,824
2013	31,824
2014	31,824
2015	<u>12,948</u>
Total	<u>\$ 108,420</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$3,673,000, 2005 Bonds, due in annual installments of \$155,000 to \$240,000 through May 15, 2025, interest at 4.125% to 4.20%	<u>\$2,873,000</u>
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**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Intergovernmental Loan Payable

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

Loans payable at June 30, 2011 are comprised of the following:

\$144,177, 1993 Loan due in Annual installments of \$7,588 through July, 2013 interest at 1.50%	\$ 22,766
\$432,533, 1993 Loan due in Annual installments of \$29,372 to \$32,042 through July, 2013 interest at 5.288%	<u>92,090</u>
Grand Total	<u>\$114,856</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Year Ending June 30,	<u>Serial Bonds</u>		<u>Intergovernmental Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 155,000	\$ 118,870	\$ 36,960	\$ 4,378	\$ 315,208
2013	165,000	112,476	38,265	2,676	318,417
2014	170,000	105,670	39,631	904	316,205
2015	180,000	98,657			278,657
2016	185,000	91,232			276,232
2017-2021	1,060,000	334,062			1,394,062
2022-2025	<u>958,000</u>	<u>99,924</u>	<u>-</u>	<u>-</u>	<u>1,057,924</u>
	<u>\$ 2,873,000</u>	<u>\$ 960,891</u>	<u>\$ 114,856</u>	<u>\$ 7,958</u>	<u>\$ 3,956,705</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 46,491,777
Less: Net Debt Outstanding	<u>2,987,856</u>
Remaining Borrowing Power	<u>\$ 43,503,921</u>

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 3,023,000		\$ (150,000)	\$ 2,873,000	\$ 155,000
Loans Payable	150,606		(35,750)	114,856	36,960
Compensated absences	<u>607,552</u>	<u>\$ 69,192</u>	<u>(214,153)</u>	<u>462,591</u>	<u>35,238</u>
Governmental activity Long-term liabilities	<u>\$ 3,781,158</u>	<u>\$ 69,192</u>	<u>\$ (399,903)</u>	<u>\$ 3,450,447</u>	<u>\$ 227,198</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

G. Short-Term Debt

Grant Anticipation Notes

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the year ended June 30, 2011 was as follows:

<u>Purpose</u>	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2011</u>
Upgrading Building Systems, ADA Improvements and Industrial Arts Room Conversion	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>
	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the South Bergen Workers Compensation Pool. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

The South Bergen Workers Compensation Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 27,829	\$ 86,631	\$ 207,218
2010	19,685	51,765	264,531
2009	18,844	34,274	294,189

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2011	\$ 140,840	\$ 23,528
2010	122,862	26,877
2009	92,708	23,568

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$23,528, \$26,877 and \$23,568 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$577,279 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$499,744, \$504,786 and \$449,609, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 JOINT VENTURE

On February 17, 2011, the Board entered into a shared services agreement with the Borough of Wallington for the purpose of installing synthetic turf at the Wallington High School athletic field. According to the terms of the agreement, the total cost of the project shall not exceed \$1,700,000. The Borough has adopted a bond ordinance appropriating \$1,700,000. Of this amount, the Board has made a payment of \$275,000 to the Borough for a down payment, with the remaining \$1,425,000 being authorized debt of the Borough. Also, according to the terms of the agreement, the Board shall be responsible for payment to the Borough of any principal and interest due on debt, upon such debt being issued by the Borough.

NOTE 6 PRIOR PERIOD ADJUSTMENT

The net assets, beginning of year, balance of the Governmental Activities has been adjusted to reflect transactions related to capital assets and accumulated depreciation that were previously unrecorded. An adjustment was made to reduce net assets, at the beginning of year, by \$315,569 to reflect the adjustment to capital assets net of accumulated depreciation.

BUDGETARY COMPARISON SCHEDULES

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,276,482		\$ 12,276,482	\$ 12,276,482	
Interest Earned on Capital Reserve	500		500	2,780	\$ 2,280
Interest on Investments	20,000		20,000	7,873	(12,127)
Miscellaneous	15,000	-	15,000	109,661	94,661
Total Local Sources	<u>12,311,982</u>	<u>-</u>	<u>12,311,982</u>	<u>12,396,796</u>	<u>84,814</u>
Federal Sources					
Medicaid Reimbursement	13,370	-	13,370	10,959	(2,411)
Total Federal Sources	<u>13,370</u>	<u>-</u>	<u>13,370</u>	<u>10,959</u>	<u>(2,411)</u>
State Sources					
Extraordinary Aid				107,177	107,177
Categorical Special Education Aid	135,088	\$ 534,617	669,705	669,705	
Equalization Aid	2,299,545	(534,617)	1,764,928	1,764,928	
On Behalf TPAF Post-Retirement Medical (Non Budgeted)				499,744	499,744
On Behalf TPAF Pension System Contribution (Non Budgeted)				23,528	23,528
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	577,279	577,279
Total State Sources	<u>2,434,633</u>	<u>-</u>	<u>2,434,633</u>	<u>3,642,361</u>	<u>1,207,728</u>
Total Revenues	<u>14,759,985</u>	<u>-</u>	<u>14,759,985</u>	<u>16,050,116</u>	<u>1,290,131</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	373,560	(2,000)	371,560	369,075	2,485
Grades 1-5	1,489,610	(183,775)	1,305,835	1,288,760	17,075
Grades 6-8	1,029,553	(12,160)	1,017,393	1,011,125	6,268
Grades 9-12	1,491,075	(74,643)	1,416,432	1,412,915	3,517
Home Instruction					
Salaries of Teachers	5,000	7,700	12,700	12,613	87
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	183,800	3,050	186,850	184,727	2,123
General Supplies	118,500	5,200	123,700	115,181	8,519
Textbooks	34,200	(1,200)	33,000	28,173	4,827
Total Regular Programs	<u>4,725,298</u>	<u>(257,828)</u>	<u>4,467,470</u>	<u>4,422,569</u>	<u>44,901</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	138,280	46,380	184,660	180,287	4,373
Other Salaries for Instruction	104,800	5,000	109,800	106,388	3,412
General Supplies	1,600		1,600	1,600	
Textbooks	850	-	850	850	-
Total Learning and/or Language Disabilities	<u>245,530</u>	<u>51,380</u>	<u>296,910</u>	<u>289,125</u>	<u>7,785</u>
Resource Room/Resource Center					
Salaries of Teachers	482,070	2,651	484,721	477,462	7,259
General Supplies	2,750		2,750	2,750	
Textbooks	1,200	-	1,200	1,200	-
Total Resource Room/Resource Center	<u>486,020</u>	<u>2,651</u>	<u>488,671</u>	<u>481,412</u>	<u>7,259</u>
Total Special Education	<u>731,550</u>	<u>54,031</u>	<u>785,581</u>	<u>770,537</u>	<u>15,044</u>

continued

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	\$ 173,370	\$ 21,360	\$ 194,730	\$ 193,340	\$ 1,390
Other Salaries for Instruction	16,590		16,590	12,041	4,549
General Supplies	2,750	-	2,750	2,618	132
Total Basic Skills/Remedial - Instruction	192,710	21,360	214,070	207,999	6,071
Bilingual Education - Instruction					
Salaries of Teachers	297,933	(45,000)	252,933	250,290	2,643
Other Salaries for Instruction	62,390		62,390	61,390	1,000
Purchased Prof. - Educational Services	500		500		500
General Supplies	1,500	-	1,500	1,092	408
Total Bilingual Education - Instruction	362,323	(45,000)	317,323	312,772	4,551
Vocational Programs - Local - Instruction					
Salaries	26,000	(2,600)	23,400	22,216	1,184
General Supplies	500	-	500	500	-
Total Vocational Programs - Local - Instruction	26,500	(2,600)	23,900	22,716	1,184
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	64,720	100	64,820	60,448	4,372
Purchased Services	18,250	1,755	20,005	12,518	7,487
Supplies and Materials	8,450		8,450	5,767	2,683
Other Objects	9,500	-	9,500	6,438	3,062
Total School Sponsored Co/Extra Curricular Activities	100,920	1,855	102,775	85,171	17,604
School Sponsored Athletics - Instruction					
Salaries	307,128	33,715	340,843	331,264	9,579
Purchased Services	29,615		29,615	29,615	
Supplies and Materials	31,650	11,167	42,817	37,896	4,921
Other Objects	23,275	1,233	24,508	20,028	4,480
Total School Sponsored Athletics - Instruction	391,668	46,115	437,783	418,803	18,980
Other Instructional Programs - Instruction					
Salaries	13,100		13,100	10,420	2,680
Purchased Services	800	-	800	800	-
Total Other Instructional Programs - Instruction	13,900	-	13,900	11,220	2,680
Before/After School Program					
Salaries		14,350	14,350	7,910	6,440
Supplies and Materials	-	4,000	4,000	624	3,376
Total Before/After School Program	-	18,350	18,350	8,534	9,816
Summer School - Instruction					
Salaries of Teachers	4,500	1,650	6,150	6,150	-
Total Summer School - Instruction	4,500	1,650	6,150	6,150	-
Total Instruction	6,549,369	(162,067)	6,387,302	6,266,471	120,831

continued

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures- Instruction					
Tuition to Other LEAs - Special, Within the State-Special	\$ 1,465,756	\$ 25,724	\$ 1,491,480	\$ 1,344,739	\$ 146,741
Tuition to County Vocational School Districts-Reg.	103,350	22,100	125,450	118,125	7,325
Tuition to CSSD & Regional Day Schools	99,600	6,604	106,204	106,172	32
Tuition to Priv. Sch. - Disabled - Within State	225,032	832	225,864	186,183	39,681
Tuition - State Facilities	1,650	50	1,700	1,700	-
Total Undistributed Expenditures - Instruction	1,895,388	55,310	1,950,698	1,756,919	193,779
Attendance and Social Work					
Salaries	79,373		79,373	67,364	12,009
Other Purchased Services	150		150	9	141
Supplies and Materials	800	-	800	400	400
Total Attendance and Social Work	80,323	-	80,323	67,773	12,550
Health Services					
Salaries	195,780	18,289	214,069	211,212	2,857
Purchased Professional and Technical Services	15,000	1,700	16,700	13,043	3,657
Other Purchased Services	200		200	37	163
Supplies and Materials	6,000	-	6,000	5,489	511
Total Health Services	216,980	19,989	236,969	229,781	7,188
Speech, OT, PT and Related Services					
Salaries	37,924	17,016	54,940	46,424	8,516
Supplies and Materials	1,200	-	1,200	1,200	-
Total Speech, OT, PT and Related Services	39,124	17,016	56,140	47,624	8,516
Guidance					
Salaries of Other Professional Staff	217,619		217,619	213,007	4,612
Salaries of Secretarial and Clerical Assistants	53,023		53,023	52,940	83
Other Purchased Services	950		950	54	896
Supplies and Materials	26,050	180	26,230	18,713	7,517
Other Objects	2,000	-	2,000	120	1,880
Total Guidance	299,642	180	299,822	284,834	14,988
Child Study Teams					
Salaries of Other Professional Staff	99,870	(13,800)	86,070	76,762	9,308
Salaries of Secretarial and Clerical Assistants	21,473		21,473	13,563	7,910
Other Salaries	54,129	1,600	55,729	55,660	69
Purchased Professional-Educational Services	3,400	(800)	2,600	2,178	422
Miscellaneous Purchased Services	2,300		2,300	1,194	1,106
Supplies and Materials	4,200		4,200	3,607	593
Other Objects	900	(450)	450	200	250
Total Child Study Teams	186,272	(13,450)	172,822	153,164	19,658

continued

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	\$ 144,444	\$ 1,200	\$ 145,644	\$ 145,472	\$ 172
Salaries of Secretarial and Clerical Assistants	101,196	19,915	121,111	112,694	8,417
Other Purchased Services	1,700		1,700	802	898
Supplies and Materials	500	-	500	500	-
Total Improvement of Instructional Services	247,840	21,115	268,955	259,468	9,487
Educational Media Services/School Library					
Salaries	127,980		127,980	126,660	1,320
Other Purchased Services	600		600	196	404
Supplies and Materials	32,500	-	32,500	25,685	6,815
Total Educational Media Services/School Library	161,080	-	161,080	152,541	8,539
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	23,000		23,000	23,000	
Other Purchased Services	3,000	-	3,000	240	2,760
Total Instructional Staff Training Services	26,000	-	26,000	23,240	2,760
Support Services General Administration					
Salaries	269,472	(7,500)	261,972	260,976	996
Legal Services	5,000	(5,000)			
Audit Fees	25,000		25,000	20,900	4,100
Other Purchased Professional Services	2,000	(2,000)			
Purchased Technical Services		21,700	21,700		21,700
Communications/Telephone	52,500		52,500	38,309	14,191
Miscellaneous Purchased Services	17,000	(100)	16,900	12,686	4,214
General Supplies	5,000	100	5,100	5,002	98
Miscellaneous Expenditures	24,000	-	24,000	20,059	3,941
Total Support Services General Administration	399,972	7,200	407,172	357,932	49,240
Support Services School Administration					
Salaries of Principals/Asst. Principals	266,613		266,613	265,286	1,327
Salaries of Other Professional Staff	129,898		129,898	128,621	1,277
Salaries of Secretarial and Clerical Assistants	120,546		120,546	118,880	1,666
Other Purchased Services	9,375		9,375	7,476	1,899
Supplies and Materials	16,800	-	16,800	13,365	3,435
Total Support Services School Administration	543,232	-	543,232	533,628	9,604
Central Services					
Salaries	287,152		287,152	281,217	5,935
Purchased Technical Services	7,000		7,000	6,600	400
Misc. Purchased Services	6,500	3,000	9,500	9,268	232
Supplies and Materials	7,100		7,100	7,021	79
Interest on Bond Anticipation Notes	37,400		37,400	37,396	4
Miscellaneous Expenditures	7,500	(3,000)	4,500	4,017	483
Total Central Services	352,652	-	352,652	345,519	7,133
Admin. Info. Tech.					
Salaries	88,860		88,860	87,840	1,020
Supplies and Materials	600	-	600	444	156
Total Admin. Info. Tech	89,460	-	89,460	88,284	1,176

continued

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance For School Facilities					
Salaries	\$ 53,995		\$ 53,995	\$ 52,824	\$ 1,171
Cleaning, Repair, and Maintenance Services	102,453	\$ 6,479	108,932	96,616	12,316
General Supplies	59,000	(2,363)	56,637	41,125	15,512
Total Required Maintenance For School Facilities	215,448	4,116	219,564	190,565	28,999
Custodial Services					
Salaries	350,660	41,300	391,960	362,993	28,967
Purchased Professional and Technical Services	1,000		1,000		1,000
Cleaning, Repair, and Maintenance Services	178,725	2,700	181,425	160,187	21,238
Rental of Land and Buildings	29,000		29,000	25,364	3,636
Insurance	120,500	(4,026)	116,474	112,275	4,199
Miscellaneous Purchased Services	26,300		26,300	17,354	8,946
Energy	269,000		269,000	260,116	8,884
Other Objects	1,200	-	1,200	626	574
Total Custodial Services	976,385	39,974	1,016,359	938,915	77,444
Care and Upkeep of Grounds					
Salaries	38,245		38,245	36,642	1,603
Cleaning, Repair, and Maintenance Services	39,000	76,500	115,500	114,730	770
General Supplies	5,000	(550)	4,450	2,529	1,921
Total Care and Upkeep of Grounds	82,245	75,950	158,195	153,901	4,294
Security					
Cleaning, Repair and Maintenance Services	6,200	1,050	7,250	5,552	1,698
Total Security	6,200	1,050	7,250	5,552	1,698
Student Transportation Services					
Contract Svcs. (Other than Home and School)-Vendors	63,600	4,400	68,000	67,954	46
Contract Svcs. (Between Home and School)-Joint Agrmnts	31,000	2,700	33,700	30,050	3,650
Contracted Services (Spec. Ed. Students) - Joint Agrmnts	338,000	(3,362)	334,638	334,638	-
Total Student Transportation Services	432,600	3,738	436,338	432,642	3,696
Regular Programs - Instruction -Employee Benefits					
Social Security Contributions	31,000		31,000	20,566	10,434
Other Retirement Contributions- PERS	6,000		6,000	6,000	
Workman's Compensation	20,000		20,000	20,000	
Health Benefits	782,250	(38,300)	743,950	627,333	116,617
Tuition Reimbursement	20,000		20,000	15,533	4,467
Other Employee Benefits	4,000	38,300	42,300	6,180	36,120
Total Reg. Prog. - Instruction -Employee Benefits	863,250	-	863,250	695,612	167,638
Special Programs - Instruction -Employee Benefits					
Social Security Contributions	600	1,500	2,100	1,169	931
Workman's Compensation	8,000		8,000	8,000	
Health Benefits	229,000		229,000	226,936	2,064
Other Employee Benefits	1,500	-	1,500	-	1,500
Total Spec. Prog. - Instruction -Employee Benefits	239,100	1,500	240,600	236,105	4,495
Vocational Programs -Instruction -Employee Benefits					
Health Benefits	28,600	-	28,600	28,600	-
Total Voc. Prog. - Instruction -Employee Benefits	28,600	-	28,600	28,600	-

continued

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Instr. Programs -Instruction -Employee Benefits					
Social Security Contributions	\$ 25,000	\$ (1,500)	\$ 23,500	\$ 21,554	\$ 1,946
Workman's Compensation	5,000		5,000	5,000	
Health Benefits	30,000	-	30,000	30,000	-
Total Other Instr. Prog. - Instruction -Employee Ben.	60,000	(1,500)	58,500	56,554	1,946
Attendance and Social Work -Employee Benefits					
Social Security Contributions	4,500		4,500	3,705	795
Other Retirement Contributions- PERS	7,500		7,500	7,500	
Health Benefits	24,100		24,100	24,100	
Other Employee Benefits	1,500	-	1,500	-	1,500
Total Attendance and Social Work -Employee Ben.	37,600	-	37,600	35,305	2,295
Health Services -Employee Benefits					
Social Security Contributions	2,000		2,000	1,542	458
Other Retirement Contributions- PERS	4,500		4,500	4,500	
Health Benefits	54,100	-	54,100	54,100	-
Total Health Services -Employee Benefits	60,600	-	60,600	60,142	458
Other Support Services -Guidance - Employee Benefits					
Social Security Contributions	1,750	(500)	1,250	773	477
Other Retirement Contributions- PERS	4,000		4,000	4,000	
Health Benefits	111,450	-	111,450	111,450	-
Total Other Support Services -Students - Regular- Employee Benefits	117,200	(500)	116,700	116,223	477
Other Support Services -Child Study Team - Employee Benefits					
Social Security Contributions	4,400		4,400	3,771	629
Other Retirement Contributions- PERS	5,000		5,000	5,000	
Health Benefits	109,000	-	109,000	109,000	-
Total Other Support Services -Students - Special- Employee Benefits	118,400	-	118,400	117,771	629
Improvement of Instruction Services - Employee Benefits					
Social Security Contributions	14,000	500	14,500	14,479	21
Health Benefits	84,000	(10,000)	74,000	74,000	
Tuition Reimbursement	7,000	-	7,000	-	7,000
Total Improvement of Instruction Services - Employee Benefits	105,000	(9,500)	95,500	88,479	7,021

continued

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services -School Library - Employee Benefits					
Social Security Contributions	\$ 1,500		\$ 1,500	\$ 334	\$ 1,166
Health Benefits	61,000	-	61,000	61,000	-
Total Educational Media Services -School Library - Employee Benefits	<u>62,500</u>	<u>-</u>	<u>62,500</u>	<u>61,334</u>	<u>1,166</u>
Support Services -General Administration - Employee Benefits					
Social Security Contributions	9,500		9,500	7,903	1,597
Other Retirement Contributions - PERS	2,000		2,000	2,000	
Health Benefits	21,000	\$ 10,000	31,000	31,000	-
Total Support Services -General Administration - Employee Benefits	<u>32,500</u>	<u>10,000</u>	<u>42,500</u>	<u>40,903</u>	<u>1,597</u>
Support Services -School Administration - Employee Benefits					
Social Security Contributions	13,000		13,000	8,801	4,199
Other Retirement Contributions - PERS	20,000		20,000	20,000	
Health Benefits	105,200		105,200	105,200	
Tuition Reimbursement	3,000	-	3,000	-	3,000
Total Support Services -School Administration - Employee Benefits	<u>141,200</u>	<u>-</u>	<u>141,200</u>	<u>134,001</u>	<u>7,199</u>
Support Services -Central Services - Employee Benefits					
Social Security Contributions	14,500		14,500	12,195	2,305
Other Retirement Contributions- PERS	15,000		15,000	15,000	
Health Benefits	61,800	-	61,800	46,800	15,000
Total Support Services -Central Services - Employee Benefits	<u>91,300</u>	<u>-</u>	<u>91,300</u>	<u>73,995</u>	<u>17,305</u>
Support Services -Admin. Info Tech. - Employee Benefits					
Social Security Contributions	7,500		7,500	6,812	688
Other Retirement Contributions- PERS	10,000		10,000	10,000	
Health Benefits	21,000	-	21,000	21,000	-
Total Support Services -Admin. Info. Tech. - Employee Benefits	<u>38,500</u>	<u>-</u>	<u>38,500</u>	<u>37,812</u>	<u>688</u>
Operation and Maintenance of Plant Services - Employee Benefits					
Social Security Contributions	38,500		38,500	35,008	3,492
Other Retirement Contributions- PERS	60,000		60,000	60,000	
Workman's Compensation	38,000		38,000	37,036	964
Health Benefits	201,950		201,950	201,950	
Other Employee Benefits	12,000	-	12,000	9,277	2,723
Total Operation and Maintenance of Plant Services- Employee Benefits	<u>350,450</u>	<u>-</u>	<u>350,450</u>	<u>343,271</u>	<u>7,179</u>

continued

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (Continued)					
On-behalf TPAF Pension System Payment (Non-budgeted)				\$ 23,528	\$ (23,528)
On-behalf TPAF Post-Retirement Medical (Non-budgeted)				499,744	(499,744)
On-behalf TPAF Social Security Payment (Non-budgeted)	-	-	-	577,279	(577,279)
Total On-Behalf	-	-	-	1,100,551	(1,100,551)
Total Undistributed Expenditures	\$ 8,597,043	\$ 232,188	\$ 8,829,231	9,248,940	(419,709)
Total Expenditures - Current Expense	15,146,412	70,121	15,216,533	15,515,411	(298,878)
CAPITAL OUTLAY					
Equipment					
Preschool/Kindergarten	20,000	-	20,000	19,100	900
Total Equipment	20,000	-	20,000	19,100	900
Interest Deposit to Capital Reserve	500	-	500	-	500
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	10,000	11,730	21,730	2,125	19,605
Other Objects	22,827	-	22,827	22,827	-
Total Facilities Acquisition and Construction Services	32,827	11,730	44,557	24,952	19,605
Total Capital Outlay	53,327	11,730	65,057	44,052	21,005
Transfer of Funds to Charter Schools	82,246	79,714	161,960	148,143	13,817
Total Expenditures	15,281,985	161,565	15,443,550	15,707,606	(264,056)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(522,000)	(161,565)	(683,565)	342,510	1,026,075
Other Financing Sources (Uses)					
Capital Reserve Transfer to Capital Projects	(275,000)	-	(275,000)	(275,000)	-
Total Other Financing Sources (Uses)	(275,000)	-	(275,000)	(275,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(797,000)	(161,565)	(958,565)	67,510	1,026,075
Fund Balances, Beginning of Year	1,254,531	-	1,254,531	1,254,531	-
Fund Balances, End of Year	\$ 457,531	\$ (161,565)	\$ 295,966	\$ 1,322,041	\$ 1,026,075
Reconciliation to Governmental Fund Statements (GAAP):					
Restricted					
Excess Surplus				\$ 131,296	
Capital Reserve				316,049	
Capital Reserve, Designated for Subsequent Year's Expenditures				125,000	
Committed Year End Encumbrances				234,878	
Assigned - Designated for Subsequent Year's Expenditures				110,000	
Unassigned				404,818	
Total				1,322,041	
State Aid Not recognized on GAAP Basis				(337,549)	
Fund Balance Per Governmental Funds (GAAP)				\$ 984,492	

**WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State Sources	\$ 333,225	\$ 9,090	\$ 342,315	\$ 62,413	\$ 279,902
Federal Sources	535,470	85,518	620,988	620,275	713
Local Sources	-	4,000	4,000	4,000	-
	<u>868,695</u>	<u>98,608</u>	<u>967,303</u>	<u>686,688</u>	<u>280,615</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	274,320	46,529	320,849	319,336	1,513
Other Salaries for Instruction	2,200	(463)	1,737		1,737
Other Purchased Services	10,200	4,769	14,969	14,969	
Tuition	15,000	2,565	17,565	17,565	
General Supplies	15,550	12,451	28,001	28,001	
Textbooks	9,000	(7,228)	1,772	120	1,652
	<u>326,270</u>	<u>58,623</u>	<u>384,893</u>	<u>379,991</u>	<u>4,902</u>
Support Services					
Salaries of Supervisors of Instruction	625	4,638	5,263	5,263	
Salaries - Other Professional Staff	169,000	12,759	181,759	181,759	
Salaries - Secretarial & Clerical	13,400	7,577	20,977	20,977	
Personal Services Employee-Benefits	73,200	7,155	80,355	80,355	
General Supplies	-	1,500	1,500	1,500	
Other Purchased Services	10,000	1,173	11,173	11,173	
Purchased Tech. Services	1,200	569	1,769	1,056	713
	<u>267,425</u>	<u>35,371</u>	<u>302,796</u>	<u>302,083</u>	<u>713</u>
Facilities Acquisition and Construction					
Construction Services	275,000		275,000		275,000
Instructional Equipment	-	4,614	4,614	4,614	-
	<u>868,695</u>	<u>98,608</u>	<u>967,303</u>	<u>686,688</u>	<u>280,615</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 16,050,116	C-2 \$ 686,688
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2009/2010 State Aid)	405,757	
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2010/2011 State Aid)	<u>(337,549)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>16,118,324</u>	B-2 \$ <u>686,688</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ <u>15,707,606</u>	C-2 \$ <u>686,688</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>15,707,606</u>	B-2 \$ <u>686,688</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	N.C.L.B.							Total Exhibit E-1A	Total 2011
	A.R.R.A. Title I	Title II A	Title II D	Title III	I.D.E.A. Basic	A.R.R.A. I.D.E.A. Basic	I.D.E.A. PreSchool		
REVENUES									
Intergovernmental									
State									
Federal	\$ 177,553	\$ 9,000	\$ 46,359	\$ 352	\$ 19,771	\$ 253,863	\$ 107,226	\$ 6,151	\$ 62,413
Local	-	-	-	-	-	-	-	-	4,000
Total Revenues	\$ 177,553	\$ 9,000	\$ 46,359	\$ 352	\$ 19,771	\$ 253,863	\$ 107,226	\$ 6,151	\$ 66,413
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 131,016	\$ 8,400	\$ 35,081	\$ 13,850	\$ 3,473	\$ 96,220	\$ 31,296	\$ 2,907	\$ 319,336
Other Purchased Services	10,243	600	1,119	100	12,000				14,969
Tuition									17,565
General Supplies	6,450		3,143	3,051	466				14,539
Textbooks	-	-	-	-	120				-
Total Instruction	147,709	9,000	39,343	17,001	15,593	96,686	5,565	48,742	379,991
Support Services									
Salaries of Supervisors of Instruction							5,263		5,263
Salaries - Other Professional Staff	2,400				178,871			488	181,759
Salaries - Secretarial & Clerical					19,907				20,977
Personal Services Employee-Benefits	26,388		7,016	2,770	37,992			98	80,355
Other Purchased Services							663		11,173
General Supplies					1,500				1,500
Purchased Tech. Services	1,056								1,056
Total Support Services	29,844	-	7,016	2,770	238,270	5,926	586	17,671	302,083
Facilities Acquisition and Construction									
Instructional Equipment							4,614		4,614
Total Expenditures	\$ 177,553	\$ 9,000	\$ 46,359	\$ 352	\$ 19,771	\$ 253,863	\$ 107,226	\$ 6,151	\$ 66,413

WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	MSG Varsity Grant	BCUA Environ. Awareness	NonPublic Nursing	NonPublic Textbooks	Initial Exam & Classification	Compensatory Education	English as a Language	Corrective Speech	Total Exhibit E-1a
REVENUES									
Intergovernmental									
State			\$ 11,180	\$ 9,435	\$ 2,907	\$ 30,142	\$ 1,708	\$ 7,041	\$ 62,413
Federal			-	-	-	-	-	-	4,000
Local	\$ 3,000	\$ 1,000	-	-	-	-	-	-	-
Total Revenues	\$ 3,000	\$ 1,000	\$ 11,180	\$ 9,435	\$ 2,907	\$ 30,142	\$ 1,708	\$ 7,041	\$ 66,413
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 1,000				\$ 2,907	\$ 23,371	\$ 1,308	\$ 5,617	\$ 31,296
Other Purchased Services	2,000	\$ 1,000	-	\$ 9,435	-	1,804	-	300	2,907
General Supplies									14,539
Total Instruction	3,000	1,000	-	9,435	2,907	25,175	1,308	5,917	48,742
Support Services									
Salaries - Supervisors of Instruction							400		1,070
Salaries - Secretarial & Clerical			\$ 670			4,967		1,124	6,091
Personal Services-Employee Benefits									10,510
Other Purchased Services			10,510						
Total Support Services			11,180			4,967	400	1,124	17,671
Facilities Acquisition and Construction									
Instructional Equipment									
Total Expenditures	\$ 3,000	\$ 1,000	\$ 11,180	\$ 9,435	\$ 2,907	\$ 30,142	\$ 1,708	\$ 7,041	\$ 66,413

**WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This Schedule is Not Applicable

CAPITAL PROJECTS FUND

**WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Amount Authorized</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>	<u>Balance June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Upgrading Building Systems, ADA Improvements and Industrial Arts Room Conversion Project #5430-050-03-0801	\$ 5,080,109	\$ 5,080,109	\$ 4,493,943	\$ 140,060
Upgrading Security System and Fire Alarm Systems and the Replacement of Window Assembles and Curtain Wall Project #5430-050-03-0805	1,042,177	1,042,177	1,040,483	1,694
Installation of Synthetic Turf Field at High School Athletic Field.	<u>1,700,000</u>	<u>1,700,000</u>	-	<u>1,700,000</u>
	<u>\$ 7,822,286</u>	<u>\$ 7,822,286</u>	<u>\$ 5,534,426</u>	<u>\$ 140,060</u>
Fund Balance- Budgetary basis				<u>\$ 2,147,800</u>
Less: Deferred SDA Grant Revenue				<u>(179,119)</u>
Fund Balance - GAAP Basis				<u>\$ 1,968,681</u>

Analysis of Amended Authorizations

Upgrading Building Systems, ADA Improvements and Industrial Arts room Conversion	\$ 3,047,694
Bond Proceeds	371
Other Local Sources	<u>2,032,044</u>
SDA Facilities Grant	<u>5,080,109</u>
Upgrading Security System and Fire Alarm Systems and the Replacement of Window Assemblies and Curtain Wall	625,306
Bond Proceeds	416,871
SDA Facilities Grant	<u>1,042,177</u>
Installation of Synthetic Turf Field at High School Athletic Field.	1,425,000
Municipal Proceeds	275,000
Capital Reserve	<u>1,700,000</u>
Total Amended Authorizations	<u>\$ 7,822,286</u>

**WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues	
Municipal Proceeds	\$ 1,425,000
Total Revenues	<u>1,425,000</u>
Expenditures	
Legal Services	26,840
Purchased Professional and Technical Services	22,771
Construction Services	<u>90,449</u>
Total Expenditures	<u>140,060</u>
Excess of Revenues Over Expenditures	<u>1,284,940</u>
Other Financing Sources	
Operating Transfer In	<u>275,000</u>
Total Other Financing Sources	<u>275,000</u>
Excess of Revenues and Other Financing Sources Over Expenditures	1,559,940
Fund Balance- Beginning- Budgetary Basis	<u>587,860</u>
Fund Balance- Ending- Budgetary Basis	<u>\$ 2,147,800</u>

WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ADA IMPROVEMENTS AND INDUSTRIAL ARTS ROOM CONVERSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SCC Grant	\$ 2,032,044	\$ -	\$ 2,032,044	\$ 2,032,044
Other Local Sources	371	-	371	371
Bond Proceeds	3,047,694	-	3,047,694	3,047,694
Total Revenues and Other Financing Sources	<u>5,080,109</u>	<u>-</u>	<u>5,080,109</u>	<u>5,080,109</u>
Expenditures and Other Financing Uses				
Legal Services	49,462	\$ 26,840	76,302	76,302
Purchased Professional and Technical Services	419,885	22,771	442,656	500,000
Construction Services	4,024,596	90,449	4,115,045	4,503,807
Total Expenditures and Other Financing Uses	<u>4,493,943</u>	<u>140,060</u>	<u>4,634,003</u>	<u>5,080,109</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 586,166</u>	<u>\$ (140,060)</u>	<u>\$ 446,106</u>	<u>\$ -</u>

WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY/FIRE ALARM SYSTEM, WINDOW ASSEMBLIES AND CURTAIN WALL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SCC Grant	\$ 416,871	\$ -	\$ 416,871	\$ 416,871
Bond Proceeds	625,306	-	625,306	625,306
	<u>1,042,177</u>	<u>-</u>	<u>1,042,177</u>	<u>1,042,177</u>
Total Revenues and Other Financing Sources				
	1,042,177	-	1,042,177	1,042,177
Expenditures and Other Financing Uses				
Legal Services	821		821	10,000
Purchased Professional and Technical Services	73,458		73,458	75,000
Construction Services	966,204	-	966,204	957,177
	<u>1,040,483</u>	<u>-</u>	<u>1,040,483</u>	<u>1,042,177</u>
Total Expenditures and Other Financing Uses				
	1,040,483	-	1,040,483	1,042,177
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,694</u>	<u>\$ -</u>	<u>\$ 1,694</u>	<u>\$ -</u>

WALLINGTON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 INSTALLATION OF SYNTHETIC TURF AT HIGH SCHOOL ATHLETIC FIELD
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Municipal Proceeds	-	\$ 1,425,000	\$ 1,425,000	\$ 1,425,000
Capital Reserve	-	275,000	275,000	275,000
Total Revenues and Other Financing Sources	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-	-	-	187,500
Construction Services	-	-	-	1,512,500
Total Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

**WALLINGTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 79,194	\$ 48,145	\$ 127,339
Total Assets	<u>\$ 79,194</u>	<u>\$ 48,145</u>	<u>\$ 127,339</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 14,136	\$ 14,136
Accrued Salaries and Wages		1,000	1,000
Due to Other Funds		33,009	33,009
Due to Student Groups	<u>\$ 79,194</u>	<u>-</u>	<u>79,194</u>
Total Liabilities	<u>\$ 79,194</u>	<u>\$ 48,145</u>	<u>\$ 127,339</u>

**WALLINGTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**WALLINGTON BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2011</u>
<u>ELEMENTARY SCHOOLS</u>				
General Office	\$ 4,940	\$ 20,727	\$ 20,069	\$ 5,598
Total Elementary Schools	<u>4,940</u>	<u>20,727</u>	<u>20,069</u>	<u>5,598</u>
<u>HIGH SCHOOL</u>				
High School	76,841	157,539	162,942	71,438
High School Athletic	<u>33</u>	<u>56,698</u>	<u>54,573</u>	<u>2,158</u>
Total High School	<u>76,874</u>	<u>214,237</u>	<u>217,515</u>	<u>73,596</u>
Total All Schools	<u>\$ 81,814</u>	<u>\$ 234,964</u>	<u>\$ 237,584</u>	<u>\$ 79,194</u>

**WALLINGTON BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2011</u>
ASSETS				
Cash	\$ 25,501	\$ 10,232,219	\$ 10,209,575	\$ 48,145
Total Assets	<u>\$ 25,501</u>	<u>\$ 10,232,219</u>	<u>\$ 10,209,575</u>	<u>\$ 48,145</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 9,956	\$ 4,435,064	\$ 4,430,884	\$ 14,136
Due to Other Funds	14,545	28,451	9,987	33,009
Accrued Salaries and Wages	<u>1,000</u>	<u>5,768,704</u>	<u>5,768,704</u>	<u>1,000</u>
Total Liabilities	<u>\$ 25,501</u>	<u>\$ 10,232,219</u>	<u>\$ 10,209,575</u>	<u>\$ 48,145</u>

LONG-TERM DEBT

WALLINGTON BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Source</u>	<u>Date of Bond</u>	<u>Amount of Original Bond</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Reductions</u>	<u>Balance, June 30, 2011</u>
2005 School Bonds	5/15/2005	\$ 3,673,000	5/15/2012	\$ 155,000	4.125 %			
			5/15/2013	165,000	4.125			
			5/15/2014	170,000	4.125			
			5/15/2015	180,000	4.125			
			5/15/2016	185,000	4.125			
			5/15/2017	195,000	4.125			
			5/15/2018	205,000	4.125			
			5/15/2019	210,000	4.125			
			5/15/2020	220,000	4.125			
			5/15/2021	230,000	4.125			
			5/15/22-24	240,000	4.125-4.20			
			5/15/2025	238,000	4.20			
						\$ 3,023,000	\$ 150,000	\$ 2,873,000
						<u>\$ 3,023,000</u>	<u>\$ 150,000</u>	<u>\$ 2,873,000</u>

WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Source	Date of Loan	Amount of Original Loan	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2010	Retired	Balance, June 30, 2011
New Jersey Economic Development Authority	8/18/93	\$ 144,177	7/15/11-2013	\$ 7,588	1.50%	\$ 30,354	\$ 7,588	\$ 22,766
	8/18/93	432,533	7/15/2011 7/15/2012 7/15/2013	29,372 30,676 32,042	5.288	120,252	28,162	92,090
						<u>\$ 150,606</u>	<u>\$ 35,750</u>	<u>\$ 114,856</u>

EXHIBIT I-3

**WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

WALLINGTON BOARD OF EDUCATION
 LONG-TERM DEBT
 DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 313,271		\$ 313,271	\$ 313,271	
State Sources					
Debt Service Aid Type II	<u>3,549</u>	<u>-</u>	<u>3,549</u>	<u>3,549</u>	<u>-</u>
Total Revenues	<u>316,820</u>	<u>-</u>	<u>316,820</u>	<u>316,820</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	185,750		185,750	185,750	
Interest	<u>131,071</u>	<u>-</u>	<u>131,071</u>	<u>131,071</u>	<u>-</u>
Total Regular Debt Service	<u>316,821</u>	<u>-</u>	<u>316,821</u>	<u>316,821</u>	<u>-</u>
Total Expenditures	<u>316,821</u>	<u>-</u>	<u>316,821</u>	<u>316,821</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Balance</u>					
Designated for Subsequent Year's Expenditures				<u>\$ 1</u>	

STATISTICAL SECTION

This part of the Wallington Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

WALLINGTON BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 90,206	\$ 103,110	\$ 237,640	\$ 416,747	\$ 1,052,778	\$ 1,682,307	\$ 3,021,899	\$ 3,166,711	\$ 2,828,362
Restricted	3	128,755	100,501	117,288	121,452	111,177	449,401	453,271	2,141,050
Unrestricted	1,203,514	880,006	639,658	1,199,534	849,370	876,509	686,233	(231,103)	63,987
Total Governmental Activities Net Assets	<u>\$ 1,293,723</u>	<u>\$ 1,111,871</u>	<u>\$ 977,799</u>	<u>\$ 1,733,569</u>	<u>\$ 2,023,600</u>	<u>\$ 2,669,993</u>	<u>\$ 4,157,533</u>	<u>\$ 3,388,879</u>	<u>\$ 5,033,399</u>
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	7,536	9,698	\$ 7,032	\$ 5,274	\$ 3,516	\$ 1,758	\$ 38,472	\$ 48,766	\$ 31,455
Unrestricted			5,654	15,337	25,924	34,360			
Total Business-Type Activities Net Assets	<u>\$ 7,536</u>	<u>\$ 9,698</u>	<u>\$ 12,686</u>	<u>\$ 20,611</u>	<u>\$ 29,440</u>	<u>\$ 36,118</u>	<u>\$ 38,472</u>	<u>\$ 48,766</u>	<u>\$ 31,455</u>
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 90,206	\$ 103,110	\$ 244,672	\$ 422,021	\$ 1,056,294	\$ 1,684,065	\$ 3,021,899	\$ 3,166,711	\$ 2,828,362
Restricted	3	128,755	100,501	117,288	121,452	111,177	449,401	453,271	2,141,050
Unrestricted	1,211,050	889,704	645,312	1,214,871	875,294	910,869	724,705	(182,337)	95,442
Total District Net Assets	<u>\$ 1,301,259</u>	<u>\$ 1,121,569</u>	<u>\$ 990,485</u>	<u>\$ 1,754,180</u>	<u>\$ 2,053,040</u>	<u>\$ 2,706,111</u>	<u>\$ 4,196,005</u>	<u>\$ 3,437,645</u>	<u>\$ 5,064,854</u>

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

WALLINGTON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(normal basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction	\$ 4,975,993	\$ 6,347,623	\$ 5,646,183	\$ 6,018,455	\$ 6,400,175	\$ 6,442,433	\$ 6,360,121	\$ 7,311,570	\$ 6,236,489
Regular	751,517	1,011,275	1,887,943	2,258,249	2,378,589	2,535,301	2,338,684	2,687,407	2,953,540
Special Education	643,820	727,341	503,843	545,371	603,429	680,650	680,650	761,544	503,974
Other Instruction	440,028	546,069	719,024	531,665	593,164	600,571	549,804	541,359	737,272
School Sponsored Activities And Athletics									
Support Services:									
Tuition	1,109,495	1,322,016	1,752,419	1,533,947	1,839,984	1,897,217	2,231,919	2,313,938	2,077,851
Student & Instruction Related Services	1,264,985	1,506,357	1,752,419	1,533,947	1,839,984	1,897,217	2,231,919	2,313,938	2,077,851
School Administration Services	380,100	684,239	620,650	660,390	659,615	683,154	680,139	680,155	708,936
General Administration	484,287	690,133	414,099	294,094	435,122	451,607	431,151	473,689	426,646
Plant Operations And Maintenance	1,074,316	1,132,706	1,132,706	1,221,352	1,374,486	1,609,438	1,626,013	1,811,108	1,632,319
Pupil Transportation	302,373	340,359	322,318	327,234	334,704	369,442	395,183	432,642	432,642
Central Services	161,856	152,660	436,633	534,026	536,959	588,530	507,227	524,098	778,483
Interest On Long-Term Debt	15,805	31,731	163,480	157,629	144,436	151,048	137,289	144,436	128,880
Total Governmental Activities Expenses	\$ 11,804,575	\$ 14,421,913	\$ 13,467,549	\$ 14,256,764	\$ 15,333,396	\$ 15,938,839	\$ 15,951,596	\$ 17,646,280	\$ 16,637,454
Business-Type Activities:									
Food Service	63,739	66,362	93,052	94,715	100,987	107,815	121,517	129,128	160,846
Total Business-Type Activities Expense	\$ 63,739	\$ 66,362	\$ 93,052	\$ 94,715	\$ 100,987	\$ 107,815	\$ 121,517	\$ 129,128	\$ 160,846
Total District Expenses	\$ 11,868,314	\$ 14,488,175	\$ 13,560,601	\$ 14,351,479	\$ 15,434,383	\$ 16,046,654	\$ 16,073,113	\$ 17,775,408	\$ 16,798,300
Program Revenues									
Governmental Activities:									
Operating Grants And Contributions	\$ 3,190,730	\$ 3,610,697	\$ 2,128,670	\$ 2,313,282	\$ 2,626,800	\$ 2,596,719	\$ 2,408,334	\$ 3,166,687	\$ 2,605,705
Capital Grants And Contributions		1,330	61,795	34,175	365,291	476,723	1,202,712	124,586	1,481,024
Total Governmental Activities Program Revenues	\$ 3,190,730	\$ 3,612,027	\$ 2,190,465	\$ 2,347,457	\$ 2,992,091	\$ 3,073,442	\$ 3,611,046	\$ 3,291,273	\$ 4,086,729
Business-Type Activities:									
Charges For Services	19,508	21,046	25,182	26,242	24,017	29,453	37,879	37,485	34,989
Food Service	43,497	43,451	58,789	63,870	72,682	79,128	80,764	101,511	108,260
Operating Grants And Contributions	63,005	64,497	93,971	93,112	96,699	108,381	118,643	138,936	143,249
Total Business-Type Activities Program Revenues	\$ 125,010	\$ 128,994	\$ 177,942	\$ 183,224	\$ 196,716	\$ 216,962	\$ 237,206	\$ 278,372	\$ 286,498
Total District Program Revenues	\$ 3,315,740	\$ 3,741,021	\$ 2,368,407	\$ 2,530,681	\$ 3,188,807	\$ 3,290,404	\$ 3,848,252	\$ 3,569,645	\$ 4,373,227
Net (Expense)/Revenue									
Governmental Activities	\$ (8,613,845)	\$ (10,809,786)	\$ (11,277,084)	\$ (11,090,307)	\$ (12,343,305)	\$ (12,862,397)	\$ (12,340,550)	\$ (14,355,007)	\$ (12,550,725)
Business-Type Activities	(234)	(1,665)	(2,081)	(3,603)	(4,288)	(766)	(2,874)	(2,868)	(17,292)
Total District-Wide Net Expense	\$ (8,614,579)	\$ (10,811,651)	\$ (11,286,165)	\$ (11,913,910)	\$ (12,347,593)	\$ (12,866,651)	\$ (12,343,424)	\$ (14,345,139)	\$ (12,568,222)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 8,602,655	\$ 8,892,913	\$ 9,333,074	\$ 9,739,629	\$ 10,278,387	\$ 11,041,074	\$ 11,381,012	\$ 11,575,416	\$ 12,276,482
Taxes Levied For Debt Service	40,381	40,223	21,947	326,531	310,991	297,019	309,767	308,800	313,271
Loss on Retirement of Capital Assets	(68,451)	1,633,042	1,705,518	2,457,602	1,707,264	(34,687)	(34,687)	(5,313)	(5,313)
Unrestricted State & Federal Aid					4,343	4,302	2,287	2,352	2,081
State-Related									
Donated Capital Assets	6,580				293,440	235,372	31,558	80,399	10,653
Interest Earned	61,138	59,176	94,473	153,315	49,875	49,875	55,243	27,223	109,661
Miscellaneous Income	(4,000)	(4,000)	(12,000)	(12,000)	(12,000)	(5,000)	(5,000)		
Transfers									
Total Governmental Activities	\$ 8,632,103	\$ 10,627,934	\$ 11,143,012	\$ 12,665,977	\$ 12,633,336	\$ 13,508,790	\$ 13,828,090	\$ 14,510,814	\$ 14,510,814
Business-Type Activities:									
Investment Earnings	4,000	4,000	27	528	1,117	912	228	426	286
Transfers									
Total Business-Type Activities	\$ 4,000	\$ 4,027	\$ 12,069	\$ 12,528	\$ 13,117	\$ 5,912	\$ 5,228	\$ 426	\$ 286
Total District-Wide	\$ 8,636,103	\$ 10,631,961	\$ 11,155,081	\$ 12,677,605	\$ 12,646,453	\$ 13,514,702	\$ 13,833,318	\$ 14,511,240	\$ 14,511,100
Change in Net Assets									
Governmental Activities	\$ 18,258	\$ (181,852)	\$ (134,072)	\$ 753,770	\$ 290,031	\$ 646,393	\$ 1,487,540	\$ (768,654)	\$ 1,950,089
Business-Type Activities	3,266	2,162	2,988	7,925	8,629	6,676	2,334	10,294	(17,311)
Total District	\$ 21,524	\$ (179,690)	\$ (131,084)	\$ 761,695	\$ 298,660	\$ 653,071	\$ 1,489,874	\$ (758,360)	\$ 1,932,778

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, as additional year's data will be included until ten years of data is present.

WALLINGTON BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 594,074	\$ 700,232	\$ 754,150	\$ 1,129,099	\$ 911,668	\$ 795,915	\$ 1,507,736	\$ 969,861	
Unreserved	867,426	494,563	360,633	559,143	507,817	696,678	164,117	(121,087)	\$ 572,345
Restricted									234,878
Committed									110,000
Assigned									67,269
Unassigned									
Total General Fund	\$ 1,461,500	\$ 1,194,795	\$ 1,114,783	\$ 1,688,242	\$ 1,419,485	\$ 1,492,593	\$ 1,671,853	\$ 848,774	\$ 984,492
All Other Governmental Funds									
Reserved		\$ 141,085		\$ 906,134	\$ 229,889	\$ 3,166,716	\$ 567,604	\$ 157,136	
Unreserved	(3,090)	(20,150)	3,657,535	2,713,601	2,756,902	(823,476)	(28,006)	195,583	
Nonspendable									\$ 275,000
Restricted									1,693,682
Total All Other Governmental Funds	\$ (3,090)	\$ 120,935	\$ 3,657,535	\$ 3,619,735	\$ 2,986,791	\$ 2,343,240	\$ 539,598	\$ 352,719	\$ 1,968,682

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**WALLINGTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax Levy	\$ 8,643,216	\$ 8,933,136	\$ 9,355,021	\$10,066,160	\$ 10,589,578	\$ 11,338,093	\$ 11,690,779	\$11,884,216	\$ 12,589,753
Interest Earned					293,440	235,272	31,558	80,399	10,653
Miscellaneous	61,338	59,176	96,551	155,249	57,610	59,875	58,232	34,322	1,538,661
State Sources	2,835,251	4,682,976	3,308,546	4,126,433	4,203,479	4,577,304	5,202,505	3,756,414	3,832,555
Federal Sources	355,479	562,093	584,937	676,692	493,320	411,375	461,062	1,122,275	631,234
Total Revenue	11,895,284	14,237,381	13,345,055	15,024,534	15,637,427	16,621,919	17,444,136	16,877,626	18,602,856
Expenditures									
Instruction									
Regular Instruction	4,896,140	6,290,976	5,591,624	5,982,010	6,321,741	6,381,361	6,292,669	7,007,134	6,342,759
Special Education Instruction	750,211	1,010,311	1,894,383	2,257,436	2,373,485	2,532,171	2,355,036	2,677,595	2,966,392
Other Instruction	617,016	725,557	708,371	544,695	598,178	677,959	678,243	754,750	748,078
School Sponsored Activities and Athletics	448,743	546,069	503,843	531,115	589,467	598,528	549,804	541,369	503,974
Support Services:									
Tuition	1,109,495	1,322,016							
Student and Inst. Related Services	1,259,878	1,493,631	1,750,711	1,546,833	1,816,412	1,863,321	2,198,215	2,270,943	2,064,302
General Administration	475,833	680,236	407,976	390,921	431,557	444,667	468,682	468,454	421,662
School Administration Services	576,743	665,511	596,393	655,148	651,827	677,360	425,906	683,522	710,832
Plant Operations And Maintenance	1,065,185	1,073,071	1,119,657	1,300,722	1,322,882	1,544,290	1,573,347	1,758,441	1,364,810
Pupil Transportation	302,373	340,359	322,318	275,735	357,234	334,704	369,442	395,153	432,642
Central Services	160,901	151,675	434,973	531,908	530,963	553,836	504,873	522,698	777,074
Capital Outlay	85,339	21,270	167,554	144,704	1,218,050	1,264,367	3,115,271	494,509	185,917
Debt Service:									
Principal	27,998	39,504	18,969	150,527	156,483	162,477	168,530	174,599	201,662
Interest and Other Charges	17,090	15,875	33,117	165,121	158,849	152,321	145,500	138,417	131,071
Total Expenditures	11,792,945	14,376,061	13,549,889	14,476,875	16,527,128	17,187,362	19,063,518	17,887,584	16,851,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,339	(138,680)	(204,834)	547,659	(889,701)	(565,443)	(1,619,382)	(1,009,958)	1,751,681
Other Financing Sources (Uses)									
Serial Bonds Issued			3,673,000						
Accrued Interest on Serial Bonds Issued			422						
Transfers In		123,405	44,909						275,000
Transfers Out	(4,000)	(127,405)	(56,909)	(12,000)	(12,000)	(5,000)	(5,000)	-	(275,000)
Total Other Financing Sources (Uses)	(4,000)	(4,000)	3,661,422	(12,000)	(12,000)	(5,000)	(5,000)	-	-
Net Change in Fund Balances	\$ 98,339	\$ (142,680)	\$ 3,456,588	\$ 535,659	\$ (901,701)	\$ (570,443)	\$ (1,624,382)	\$ (1,009,958)	\$ 1,751,681
Debt Service as a Percentage of Noncapital Expenditures	0.39%	0.39%	0.39%	2.20%	2.06%	1.98%	1.97%	1.80%	2.00%

* Noncapital expenditures are total expenditures less capital outlay.

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Total	Interest on Investments	Bergen County Special Services	Tuition Refunds	Prior Year Refunds	Prior Year Payables Adjustment	Miscellaneous
2002	\$ 48,287	\$ 32,149			\$ 16,337	\$ 23,244	\$ 16,138
2003	61,338	9,660					12,097
2004	48,436	7,542			4,526		36,368
2005	85,785	30,571			6,379		48,835
2006	153,315	139,718			4,337		9,260
2007	344,151	293,440					50,711
2008	285,147	235,272					49,875
2009	86,801	31,558				24,380	30,863
2010	107,622	80,399				27,223	
2011	120,314	10,653		\$ 35,312	41,369	26,028	6,952

WALLINGTON BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 4,383,200	\$ 378,913,800	\$ 66,454,800	\$ 28,451,800	\$ 44,050,500	\$ 522,254,100	\$ 692,187	\$ 522,946,287	\$ 588,969,802	\$ 1.588
2003	4,560,300	380,111,500	66,524,800	28,847,500	43,804,700	523,848,800	697,988	524,546,788	643,828,188	1.675
2004	4,833,200	380,505,300	66,412,300	29,262,700	43,804,700	524,818,200	598,221	525,416,421	733,484,995	1.740
2005	4,683,200	382,615,000	65,264,900	29,412,700	43,804,700	525,780,500	489,597	526,270,097	733,484,995	1.837
2006	4,715,900	384,231,900	64,869,100	29,587,700	43,804,700	527,209,300	385,452	527,594,752	958,986,676	1.955
2007	6,491,400	385,742,700	65,152,700	29,627,700	43,770,700	530,785,200	341,845	531,127,045	1,102,554,908	2.065
2008	8,502,900	888,727,800	145,055,200	59,260,700	98,700,800	1,200,247,400	730,032	1,200,977,432	1,207,882,021	0.959
2009	11,335,200	886,606,200	143,724,900	59,539,900	98,700,800	1,199,907,000	730,032	1,200,637,032	1,228,156,856	0.980
2010	9,487,600	887,642,800	148,426,900	57,338,000	95,700,800	1,198,616,100	2,197,330	1,200,813,430	1,171,151,635	1.018
2011	9,168,300	791,951,800	146,005,700	56,072,700	94,712,200	1,097,910,700	1,776,329	1,099,687,029	1,109,847,490	1.161

Source: County Abstract of Rates

Note: A revaluation of real property became effective for tax year 2008.

^a Tax rates are per \$100

**WALLINGTON BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Assessment Year</u>	<u>Total</u>	<u>Wallington School District</u>	<u>Wallington Borough</u>	<u>Bergen County</u>
2002	\$ 2.560	\$ 1.588	\$ 0.703	\$ 0.269
2003	2.720	1.675	0.787	0.258
2004	2.910	1.740	0.882	0.288
2005	3.130	1.837	0.980	0.313
2006	3.370	1.955	1.083	0.332
2007	3.600	2.065	1.168	0.367
2008 (A)	1.691	0.959	0.544	0.188
2009	1.764	0.980	0.587	0.197
2010	1.837	1.018	0.627	0.192
2011 (B)	2.073	1.161	0.704	0.208

Note: (A) The Borough undertook a revaluation of real property which became effective for the tax year 2008.

Note: (B) The Borough undertook a reassessment of real property which became effective for the tax year 2011.

Source: Tax Duplicate

**WALLINGTON BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mt Pleasant Village Investments LLC	\$ 30,500,000	2.77%	\$15,300,000	2.93 %
Jasontown Apt. LLC	24,600,000	2.23%	12,000,000	2.29 %
Farmland Dairies	22,500,000	2.05%	13,110,000	2.51 %
Jasontown II Associates	22,440,000	2.04%	6,900,000	1.32 %
Wallington Plaza LLC	16,500,000	1.50%	7,075,200	1.35 %
Wallington Self Storage LLC	9,081,700	0.82%	2,702,500	0.52 %
480 Main Ave. Associates LLC	6,270,000	0.57%		
460 Main Ave Wallington LLC	6,081,300	0.55%		
The Wallington Group, LLC	5,575,000	0.51%		
Wallington Ind. Dev. Assoc. L.P.	5,500,000	0.50%		
Wallington Enterprises			2,980,000	0.57 %
Carlstadt - Moshen			2,375,800	0.45 %
WHCS Real Estates			2,250,000	0.43 %
Beta Realty			2,106,500	0.40 %
	<u>\$ 149,048,000</u>	<u>13.54%</u>	<u>\$ 66,800,000</u>	<u>12.77 %</u>

Source: Municipal Tax Assessor

**WALLINGTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 7,964,139	\$ 7,964,139	100.00%	N/A
2003	8,643,216	8,643,216	100.00%	N/A
2004	8,933,136	8,933,136	100.00%	N/A
2005	9,355,021	9,355,021	100.00%	N/A
2006	10,066,160	10,066,160	100.00%	N/A
2007	10,589,578	10,589,578	100.00%	N/A
2008	11,338,093	11,338,093	100.00%	N/A
2009	11,690,779	11,690,779	100.00%	N/A
2010	11,884,216	11,884,216	100.00%	N/A
2011	12,589,753	12,589,753	100.00%	N/A

**WALLINGTON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>EDA Loans Payable</u>			
2005	\$ 3,673,000	\$ 313,223	\$ 3,986,223	11,332	\$ 351.77
2006	3,553,000	282,696	3,835,696	11,236	341.38
2007	3,428,000	251,213	3,679,213	11,276	326.29
2008	3,298,000	218,736	3,516,736	11,296	311.33
2009	3,163,000	185,205	3,348,205	11,310	296.04
2010	3,023,000	150,606	3,173,606	11,310 (1)	280.60
2011	2,873,000	114,856	2,987,856	11,310 (1)	264.18

(1) Estimated

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2005 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

WALLINGTON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Intergovern- mental Loans	Deductions			
2005	\$ 3,673,000	\$ 313,223		\$ 3,986,223	0.76%	\$ 351.77
2006	3,553,000	282,696		3,835,696	0.73%	341.38
2007	3,428,000	251,213		3,679,213	0.69%	326.29
2008	3,298,000	218,736		3,516,736	0.29%	311.33
2009	3,163,000	185,205		3,348,205	0.28%	296.04
2010	3,023,000	150,606		3,173,606	0.26%	280.60
2011	2,873,000	114,856		2,987,856	0.27%	264.18

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**WALLINGTON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2010
(Unaudited)**

Net Direct Debt of School District as of December 31, 2010	\$ 3,137,856
Net Overlapping Debt of School District	
Wallington Borough (100%)	9,772,148
Passaic Valley Sewerage Commission	1,604,988
County of Bergen - Borough's Share	<u>4,305,534</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010	<u>\$ 18,820,526</u>

Source: Wallington Borough's Chief Financial Officer and Bergen County Treasurer's Office.

WALLINGTON BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	2010	2009	2008	Equalized valuation basis								
Debt Limit	\$ 21,959,031	\$ 23,623,178	\$ 23,623,178	\$ 23,623,178	\$ 25,970,217	\$ 29,253,140	\$ 33,444,367	\$ 38,273,969	\$ 43,174,417	\$ 46,783,915	\$ 47,782,425	\$ 46,491,777
Total Net Debt Applicable to Limit	399,694	371,696	332,192	332,192	332,192	6,435,138	6,402,526	6,126,043	5,557,378	3,348,205	3,173,606	2,987,856
Legal Debt Margin	\$ 21,559,337	\$ 23,251,482	\$ 23,291,000	\$ 22,818,002	\$ 27,041,841	\$ 32,147,926	\$ 37,617,039	\$ 43,435,710	\$ 44,608,819	\$ 43,435,710	\$ 44,608,819	\$ 43,503,921
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.82%	1.57%	1.28%	22.00%	19.14%	16.01%	12.87%	7.16%	6.64%	6.43%	6.43%	6.43%

Average equalized valuation of taxable property \$1,162,294,416

Debt limit (4 % of average equalization value) 46,491,777 ^a

Total Net Debt Applicable to Limit 2,987,856

Legal debt margin \$ 43,503,921

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**WALLINGTON BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2001	6.60%	\$ 52,102	11,535
2002	9.00%	51,931	11,494
2003	8.90%	51,291	11,443
2004	7.30%	54,669	11,422
2005	5.60%	56,963	11,332
2006	6.00%	63,021	11,236
2007	5.40%	67,113	11,276
2008	7.00%	68,541	11,296
2009	12.20%	64,388	11,310
2010	12.50%	N/A	11,310 (2)

Source: County Information vs. Municipality Information

- (1) Reflects County of Bergen
(2) Estimate

Source: United States Bureau of Census

WALLINGTON BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

This information is not available.

This information is not available.

WALLINGTON BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	97	96	99	94	94	95	95	95	95	90
Special Education	3	3	3	3	3	3	3	3	4	4
Other Special Education	2	2	5	2	2	2	2	2	3	3
Other Instruction	10	10	5	10	10	10	10	10	10	8
Support Services:										
General Administration	4	4	4	4	4	4	4	4	4	4
School Administrative Services	7	7	7	7	7	7	7	7	8	7
Other Administrative Services	3	3	2	4	4	4	4	4	4	4
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology	1	1	1	1	1	1	1	2	2	1
Administrative Information Technology	13	12	12	12	12	12	12	13	12	10
Total	143	141	141	140	140	141	141	143	145	134

Source: District Personnel Records

WALLINGTON BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School	Senior High School				
2002	1,126.6	\$ 11,180,151	\$ 9,924	9.01%	112	1:15	1:14	1:14	1,126.6	1,068.9	-5.82%	94.88%	
2003	1,145.9	11,662,518	10,178	2.56%	111	1:15	1:15	1:15	1,145.9	1,089.2	1.71%	95.05%	
2004	1,145.5	14,299,412	12,483	22.65%	112	1:15	1:15	1:15	1,145.5	1,088.9	-0.03%	95.06%	
2005	1,130.5	13,330,249	11,791	-5.54%	109	1:12	1:12.8	1:12.8	1,130.5	1,064.2	-1.31%	94.14%	
2006	1,193.0	14,016,523	11,749	-0.36%	109	1:20.8	1:20	1:20	1,160.0	1,084.4	2.61%	93.48%	
2007	1,160.0	14,993,746	12,926	10.02%	108	1:19	1:12.3	1:12.3	1,161.3	1,092.9	0.11%	94.11%	
2008	1,152.0	15,608,197	13,549	4.82%	108	1:13	1:12.7	1:12.7	1,143.8	1,076.0	-1.51%	94.07%	
2009	1,157.0	17,080,059	14,762	8.96%	108	1:13.9	1:11.2	1:11.2	1,123.6	1,065.5	-1.77%	94.83%	
2010	1,153.0	17,080,059	14,814	0.35%	109	1:10.5	1:10.6	1:10.6	1,140.6	1,085.2	1.51%	95.14%	
2011	1,169.0	16,332,525	13,971	-5.69%	105	1:11.1	1:11.2	1:11.2	1,157.4	1,102.8	1.47%	95.28%	

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

WALLINGTON BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Elementary										
Jefferson School										
Square Feet	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279
Capacity (students)	132	132	132	132	132	132	132	132	132	132
Enrollment	218	210	225	209	210	205	207	208	207	223
Gavliak School										
Square Feet	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297
Capacity (students)	283	283	283	283	283	283	283	283	283	283
Enrollment	392	390	378	366	374	364	377	378	377	381
High School										
Square Feet	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	559	572	579	593	609	591	568	571	569	549
Number of Schools at June 30,										
Elementary =	2	2	2	2	2	2	2	2	2	2
Senior High School =	1	1	1	1	1	1	1	1	1	1

Source: District Records

WALLINGTON BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Jefferson School	\$ 44,492	\$ 54,501	\$ 46,570	\$ 51,477	\$ 42,693	\$ 57,917	\$ 37,826	\$ 39,836	\$ 48,696	\$ 47,558
Frank W. Gaviak School	59,741	72,469	53,188	58,793	48,760	66,147	43,201	49,577	41,625	55,869
Wallington High School	86,332	110,872	104,957	116,017	96,219	130,531	85,250	90,704	82,838	87,503
Total School Facilities	\$ 190,565	\$ 237,842	\$ 204,715	\$ 226,287	\$ 187,672	\$ 254,595	\$ 166,277	\$ 180,117	\$ 173,159	\$ 190,930

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)**

	<u>Coverage</u>	<u>Deductible/ Retention</u>
School Package Policy - Utica National Insurance Group		
Property - Buildings and Contents	\$ 29,410,918	
General Liability - Aggregate Limit	3,000,000	
General Automobile Insurance	1,000,000	
Errors and Omissions Insurance - GAMICO Educator's Legal Liability	1,000,000	\$ 7,500
Boiler and Machinery Insurance	10,000,000	1,000
Liability Umbrella	10,000,000	10,000
Workers Compensation	500,000	
Public Official bonds - Western Surety Company		
Treasurer	200,000	
Board Secretary/Business Administrator	60,000	

Source: Insurance Agent

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410
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EDWARD N. KERE, CPA

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 Trustees
Wallington Board of Education
Wallington, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Wallington Board of Education's basic financial statements and have issued our report thereon dated October 11, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Wallington Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Wallington 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 Wallington Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wallington Board of Education's internal control over financial reporting.

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

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

Compliance and Other Matters

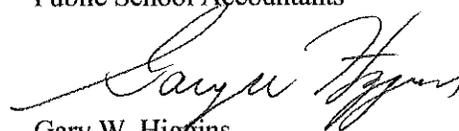
As part of obtaining reasonable assurance about whether the Wallington Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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 and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Wallington Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 11, 2011.

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 11, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
Wallington Board of Education
Wallington, New Jersey

Compliance

We have audited the Wallington Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Wallington Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. Wallington Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Wallington Board of Education's management. Our responsibility is to express an opinion on Wallington 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; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Wallington 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 Wallington Board of Education's compliance with those requirements.

In our opinion, Wallington Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of Wallington Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Wallington 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

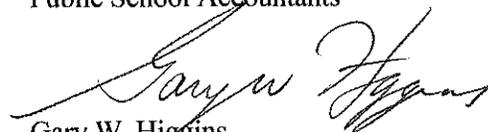
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or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

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

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 11, 2011

WALLINGTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2011		(Memo) GAAP Receivable
								Intergov't Receivable	Deferred Revenue	
U.S. Department of Agriculture Passed-Through State Department of Education										
10.555	7/1/10-6/30/11	\$ 98,566	\$ (7,005)		\$ 91,229	\$ 98,566		\$ (7,337)		\$ 7,337
10.555	7/1/09-6/30/10	88,931			7,005					
10.553	7/1/10-6/30/11	7,548			7,036	7,548		(512)		512
10.553	7/1/09-6/30/10	8,239	(642)		642					
Total U.S. Department of Agriculture										
			(7,647)		105,912	105,114		(7,849)		7,849
U.S. Department of Health and Human Services										
93.778	7/1/10-6/30/11	10,959			10,959	10,959				
Special Education Medicaid Initiative										
U.S. Department of Education Passed-through State Department of Education										
General Fund										
84.410A	8/10/10-9/30/12	\$ 106,491						(106,491)	\$ 106,491	
Education Jobs Fund - A.R.R.A.										
Special Revenue Fund										
N.C.L.E.										
84.010A	9/1/10-8/31/11	176,867			136,508	176,154		(40,359)	713	39,646
84.010A	9/1/09-8/31/10	147,548	(44,938)		46,357	1,399				
84.389	9/1/09-8/31/10	44,256	(10,503)		17,435	9,000		(2,068)		2,068
84.367A	9/1/10-8/31/11	46,359			36,227	46,359		(10,132)		10,132
84.367A	9/1/09-8/31/10	48,388	(16,598)		16,598					
84.318X	9/1/10-8/31/11	332			352	352		(5,294)		5,294
84.365A	9/1/10-8/31/11	19,771			14,477	19,771				
84.365A	9/1/09-8/31/10	16,444	(6,848)		6,848					
84.186A	9/1/09-8/31/10	3,497	(760)		760					
84.027	9/1/10-8/31/11	253,863			205,393	253,863		(48,470)		48,470
I.D.E.A. Part B, Basic		240,756	(74,878)		74,878					
I.D.E.A. Part B, Basic		289,992	(91,497)		173,999	107,226		(24,724)		24,724
I.D.E.A. Part B, Basic - A.R.R.A.		6,150			6,003	6,151		(148)		148
I.D.E.A. Part B, Preschool										
Total Special Revenue Fund										
			(248,042)		755,835	620,275		(131,195)	713	130,482
Total Federal Financial Assistance										
		\$	(253,689)	\$	852,706	\$ 737,348	\$	(245,535)	\$ 107,204	\$ 138,331

WALLINGTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2011		Due to Grantor	Memo Only	
				Def Rev (Accts Rec.)	Due to Grantor					Accounts Receivable	Deferred Revenue/ Interfund		GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 669,705	-	-	-	\$ 606,336	\$ 669,705	\$ (63,369)	-	-	-	\$	\$ 669,705
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	650,349	(84,772)	-	84,772	84,772	-	-	-	-	-	-	107,177
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	52,646	(6,862)	-	6,862	-	-	-	-	-	-	-	-
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	107,177	-	-	-	-	107,177	-	-	-	-	-	-
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	93,844	-	-	-	95,844	-	-	-	-	-	-	-
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	1,764,928	-	-	-	1,597,925	1,764,928	(167,003)	-	-	-	-	1,764,928
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	1,580,803	(206,054)	-	206,054	-	-	-	-	-	-	-	-
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	93,785	(12,225)	-	12,225	-	-	-	-	-	-	-	-
On Behalf TPAF Aid:														
TPAF - Non-Contributory Insurance	11-495-034-5095-007	7/1/10-6/30/11	23,528	-	-	-	23,528	23,528	-	-	-	-	-	23,528
TPAF Post-Retirement Medical	11-495-034-5095-001	7/1/10-6/30/11	499,744	-	-	-	499,744	499,744	-	-	-	-	-	499,744
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	571,279	-	-	-	550,021	571,279	(27,258)	-	-	-	\$	27,258
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/09-6/30/10	591,018	(29,170)	-	29,170	-	-	-	-	-	-	-	-
Total General Fund			(634,927)	-	-	-	3,712,481	3,642,361	(364,807)	-	-	-	\$	27,258
N.J. Nonpublic Aid:														
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	9,435	-	-	-	9,435	9,435	-	-	-	-	-	9,435
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	11,180	-	-	-	11,180	11,180	-	-	-	-	-	11,180
Auxiliary Services														
Compensation Education	11-100-034-5120-067	7/1/10-6/30/11	30,142	-	-	-	30,142	30,142	-	-	-	-	-	30,142
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	1,708	-	-	-	1,708	1,708	-	-	-	-	-	1,708
Handicapped Services														
Initial Exam & Classification	11-100-034-5120-066	7/1/10-6/30/11	7,809	-	-	-	7,809	2,907	-	-	\$ 4,902	-	-	2,907
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	7,041	-	-	-	7,041	7,041	-	-	-	-	-	7,041
Total Special Revenue Fund							67,315	62,413	-	-	-	4,902	-	62,413
Debt Service Aid (Debt Service Fund)														
	11-100-034-5120-017	7/1/10-6/30/11	3,459	-	-	-	3,549	3,549	-	-	-	-	-	3,549
State School Lunch Program														
	11-100-010-3350-023	7/1/10-6/30/11	2,146	-	-	-	1,977	2,146	(169)	-	-	-	(169)	2,146
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	3,648	(281)	-	281	-	-	-	-	-	-	-	-
State School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	692	(51)	-	51	-	-	-	-	-	-	-	-
Total Food Service Fund			(332)	-	-	-	2,309	2,146	(169)	-	-	-	(169)	2,146
New Jersey Economic Development Authority (Capital Projects Fund)														
Facilities Grant Program	5430-030-03-0801	7/1/04-6/30/11	2,032,044	(153,183)	-	-	133,380	56,024	(254,269)	\$ 178,442	-	-	-	56,024
Facilities Grant Program	5430-030-03-0805	7/1/04-6/30/11	416,871	(7,922)	-	-	-	-	(8,599)	677	-	-	-	-
Total Capital Projects Fund			(161,105)	-	-	-	133,380	56,024	(262,868)	179,119	-	-	-	56,024
Total State Financial Assistance			\$ (596,564)	\$ -	\$ -	\$ -	\$ 3,919,034	\$ 3,766,493	\$ (627,844)	\$ 175,119	\$ 4,902	\$ -	\$ 27,089	\$ 3,766,493

Less:

On-Behalf Assistance Not Included in
Single Audit and Major Program Determination
TPAF - Non-Contributory Insurance
TPAF Post-Retirement Medical Contribution
Total State Financial Assistance Subject to Single Audit
and Major Program Determination

(23,528)
(499,744)
\$ 3,395,762 \$ 3,243,221

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$68,208 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 10,959	\$ 3,710,569	\$ 3,721,528
Special Revenue Fund	620,275	62,413	682,688
Capital Projects Fund		56,024	56,024
Debt Service Fund		3,549	3,549
Food Service Fund	<u>106,114</u>	<u>2,146</u>	<u>108,260</u>
Total Financial Assistance	<u>\$ 737,348</u>	<u>\$ 3,834,701</u>	<u>\$ 4,572,049</u>

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 STATE LOANS OUTSTANDING

The District's state loans outstanding at June 30, 2011, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
New Jersey Economic Development Authority	N/A	\$ <u>114,856</u>

NOTE 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$577,279 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$23,528 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$499,744 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unqualified
Internal control over financial reporting:
1) Material weakness(es) identified? ___ yes ___ X no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? ___ yes ___ X none reported
Noncompliance material to the basic financial statements noted? ___ yes ___ X no

Federal Awards Section

Internal Control over compliance:
1) Material weakness(es) identified? ___ yes ___ X no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? ___ yes ___ X none reported
Type of auditor's report on compliance for major programs: Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? ___ yes ___ X none

Identification of major programs:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Rows include 84.027 (IDEA Part B, Basic), 84.391 (IDEA Part B, Basic; ARRA), and 84.173 (IDEA Part B, Preschool).

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

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

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? _____ yes X none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
11-495-034-5120-089	Special Education Aid
11-495-034-5120-078	Equalization Aid
11-100-034-5120-473	Extraordinary Aid

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

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

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Party 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 3- Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**WALLINGTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.