

**SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP**

**Washington Township School District
Long Valley, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

Washington Township School District

Long Valley, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**Washington Township School District
Business Office**

WASHINGTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011

INTRODUCTORY SECTION

Letter of Transmittal 1
Organizational Chart..... 4
Roster of Officials..... 5
Consultants and Advisors 6

FINANCIAL SECTION 7

Independent Auditors' Report 8

Required Supplementary Information 10
Management's Discussion and Analysis (Unaudited)..... 11

Basic Financial Statements (Sections A. and B.)..... 20

A. District-Wide Financial Statements 21
A-1 Statement of Net Assets..... 22
A-2 Statement of Activities 23

B. Fund Financial Statements 25
B-1 Balance Sheet – Governmental Funds..... 26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –
Governmental Funds 27
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities..... 29
B-4 Statement of Net Assets – Proprietary Funds 30
B-5 Statement of Revenue, Expenses and Changes in Fund Net
Assets – Proprietary Funds..... 31
B-6 Statement of Cash Flows – Proprietary Funds 32
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds 33
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds 34

Notes to Basic Financial Statements..... 35

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) 57
C-1 Budgetary Comparison Schedule – General Fund 58
C-2 Budgetary Comparison Schedule – Special Revenue Fund 68
C-3 Required Supplementary Information – Budget Comparison Schedule – Note to RSI..... 69

D. School Level Schedules (Not Applicable) 70

WASHINGTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

FINANCIAL SECTION (Cont'd)

E. Special Revenue Fund.....	71
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	72
E-2 Preschool Education Aid Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	73
F-1 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	74
F-1a Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Construction of Cucinella School and Renovations to Other Schools – Budgetary Basis	75
F-1b Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Long Valley Middle School Fire Alarm Project – Budgetary Basis	76
F-1c Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Exterior Door Project - Various Schools – Budgetary Basis.....	77
F-1d Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Interior Lock Project - Various Schools – Budgetary Basis.....	78
G. Proprietary Funds	79
Enterprise Fund	
G-1 Statement of Net Assets	80
G-2 Statement of Revenue, Expenses and Changes in Fund Net Assets.....	81
G-3 Statement of Cash Flows.....	82
Internal Service Fund	
G-4 Combining Statement of Net Assets	83
G-5 Combining Statement of Revenue, Expenses and Changes in Fund Net Assets.....	84
G-6 Combining Statement of Cash Flows.....	85
H. Fiduciary Funds.....	86
H-1 Combining Statement of Fiduciary Net Assets	87
H-2 Statement of Changes in Fiduciary Net Assets	88
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	89
H-4 Student Activity Agency Fund Statement of Activity.....	90
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	91
H-6 Flexible Spending Agency Fund- Schedule of Receipts and Disbursements.....	92
I. Long-Term Debt	93
I-1 Schedule of Serial Bonds.....	94
I-2 Schedule of Obligations Under Capital Leases	95
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited)	96

WASHINGTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

J. Statistical Section (Unaudited)	97
J-1 Net Assets by Component	98
J-2 Changes in Net Assets	99
J-3 Fund Balances – Governmental Funds	100
J-4 Changes in Fund Balances – Governmental Funds	101
J-5 General Fund Other Local Revenue by Source	102
J-6 Assessed Value and Actual Value of Taxable Property	103
J-7 Direct and Overlapping Property Tax Rates	104
J-8 Principal Property Tax Payers	105
J-9 Property Tax Levies and Collections	106
J-10 Ratios of Outstanding Debt by Type	107
J-11 Ratios of Net General Bonded Debt Outstanding	108
J-12 Ratios of Overlapping Governmental Activities Debt	109
J-13 Legal Debt Margin Information	110
J-14 Demographic and Economic Statistics	111
J-15 Principal Employers	112
J-16 Full-Time Equivalent District Employees by Function/Program	113
J-17 Operating Statistics	114
J-18 School Building Information	115
J-19 Schedule of Required Maintenance for School Facilities	116
J-20 Insurance Schedule	117
K. SINGLE AUDIT SECTION	118
K-1 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	119
K-2 Independent Auditors’ 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’s OMB Circular NJOMB 04-04	121
Schedule of Expenditures of Federal Awards	123
Schedule of Expenditures of State Awards	124
Notes to the Schedules of Expenditures of Federal and State Awards	125
Schedule of Findings and Questioned Costs	127
Summary Schedule of Prior Audit Findings	129

INTRODUCTORY SECTION

Washington Township Board of Education

53 West Mill Road, Long Valley, NJ 07853

Phone: 908-876-4172

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Jeffrey S. Mohre
Superintendent

Liz George, CPA
Business Administrator

Richard C. Papera
Assistant Superintendent

November 18, 2011

The Honorable President and Members of
the Board of Education
Washington Township School District
Long Valley, New Jersey 07853

Dear Board Members:

The Comprehensive Annual Financial Report of the Washington Township School District (the "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 Washington Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: 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 management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and fiscal capacity, 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Washington Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Washington Township School District 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 8. These include regular as well as special education for handicapped youngsters. The District completed the 2010-11 fiscal year with an enrollment of 2,687 students, which is a decrease of 83 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
Washington Township School District
Page 2
November 18, 2011

The following details the changes in student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	2,687	-3.00%
2009-2010	2,770	-3.75%
2008-2009	2,878	-0.76%
2007-2008	2,900	0.48%
2006-2007	2,948	-0.61%

2) ECONOMIC CONDITION AND OUTLOOK: The Washington Township area has experienced a period of development which has resulted in an increased tax base. Given the implementation of the Highlands legislation it is unclear how District growth will be affected.

3) MAJOR INITIATIVES: The District continues its focus on enhancing technology for both staff and student use. Fire alarm upgrades were completed at Long Valley Middle School. In addition, the District continues upgrades on curriculum and the provision of professional development.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2011.

The Honorable President and Members of
the Board of Education
Washington Township School District
Page 3
November 18, 2011

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2011, the District's outstanding debt totals \$15,307,894. This debt consists of serial bonds dated July 15, 2003, in the amount of \$2,745,000, for the construction of a new school and improvements at all existing schools authorized by voters through a referendum, \$12,260,000 of refunding bonds issued August 15, 2010 and capital leases of \$302,894.

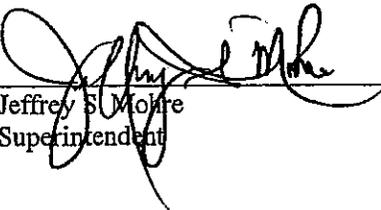
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of Amendments 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information 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 Washington Township 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 the financial and accounting staff.

Respectfully submitted,

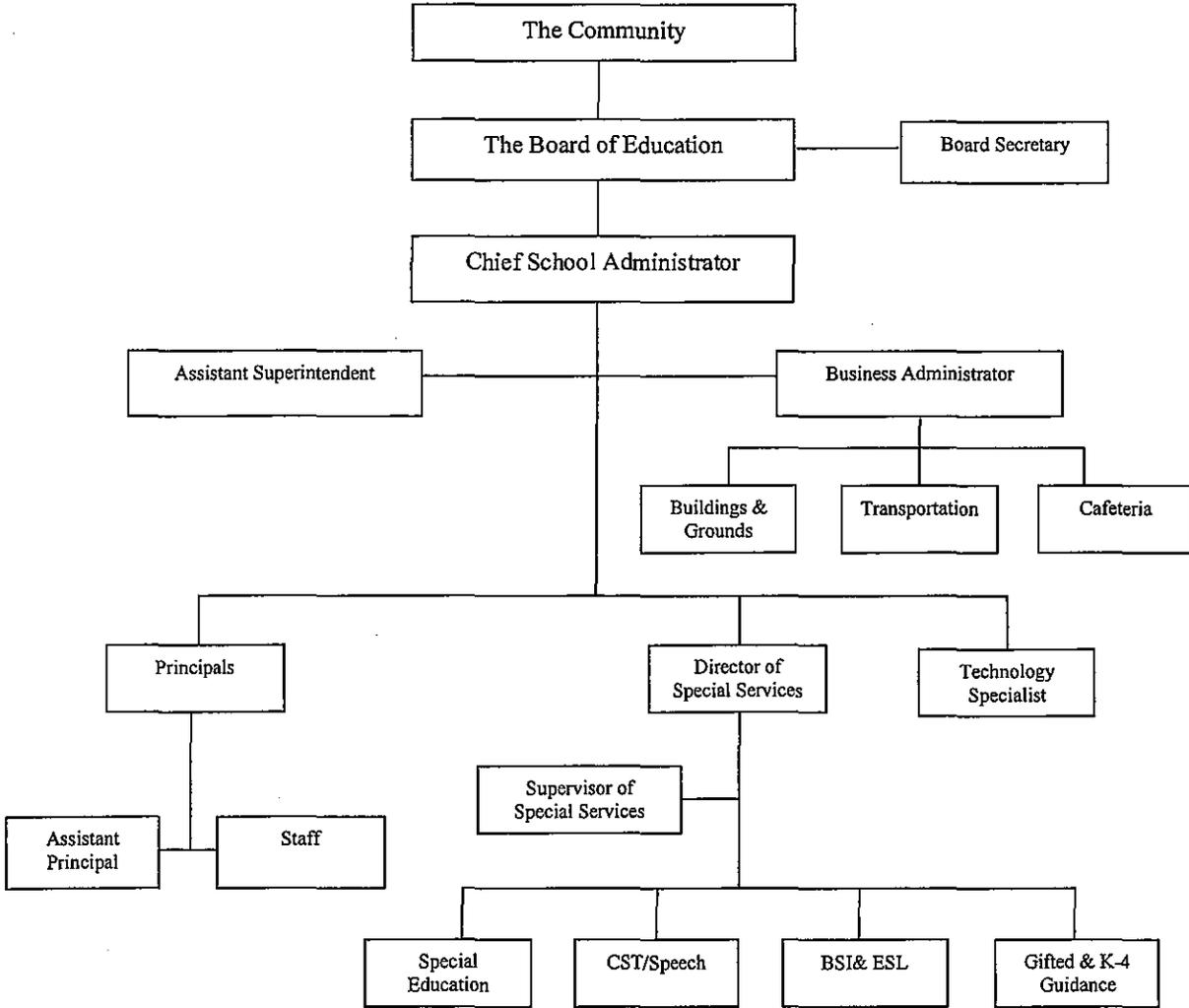


Jeffrey S. Moore
Superintendent



Elizabeth George, CPA
Business Administrator/Board Secretary

*Washington Township School District
Long Valley, New Jersey 07853*



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Rec, President	2012
Cathleen Compoli, Vice-President	2013
Perry Kwok	2012
Kristen Gallagher	2012
Kevin Daly	2013
Kathleen Koop	2013
Michelle Munley	2014
Walter Cullen	2014
Chance Healy	2014

<u>Other Officers</u>	<u>Title</u>
Jeffrey S. Mohre	Superintendent of Schools
Elizabeth George, CPA	Board Secretary/School Business Administrator

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Adams, Stern, Gutierrez & Lattiboudere, LLC
744 Broad Street, Suite 1600
Newark, NJ 07102

Official Depository

Commerce Bank
560 Route 22 East
Bridgewater, NJ 08807

and

Somerset Hills Bank
74 Schooley's Mountain Road
Long Valley, NJ 07853

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Washington Township School District
 Long Valley, New Jersey 07853

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Washington Township School District in the County of Morris as of and for the fiscal year ended June 30, 2011 which collectively comprise the District's basic financial statements as listed in the foregoing 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 *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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District in the County of Morris 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.

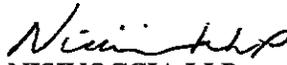
In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 on our consideration of the Board of Education of the Washington Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of 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 results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

The Management Discussion and Analysis section and Budgetary Comparison Information on schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Washington Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards 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 Nonprofit Organizations*; and New Jersey OMB's Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, and supplementary schedules listed in the table of contents and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 18, 2011
Mount Arlington, New Jersey


NISIVOCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis (Unaudited)

This section of Washington Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved on a fund basis and a district-wide basis.
- Overall revenue was \$45.49 million.
- The District's combined net assets increased by 4.08% or \$1,337,289.
- Enrollment in the District has decreased slightly but the cost per pupil remains relatively stable.
- Administrative costs remain at approximately 26% below the northern region average as calculated by the Department of Education.
- The net assets of the District's business-type activity – food services – increased by approximately \$800.
- The District continued to pay down its debt by retiring \$850,000 of outstanding bonds.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services, transportation services, and health benefits.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to financial statements* provide additional information essential to a full understanding of district wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Washington Township School District's Financial Report

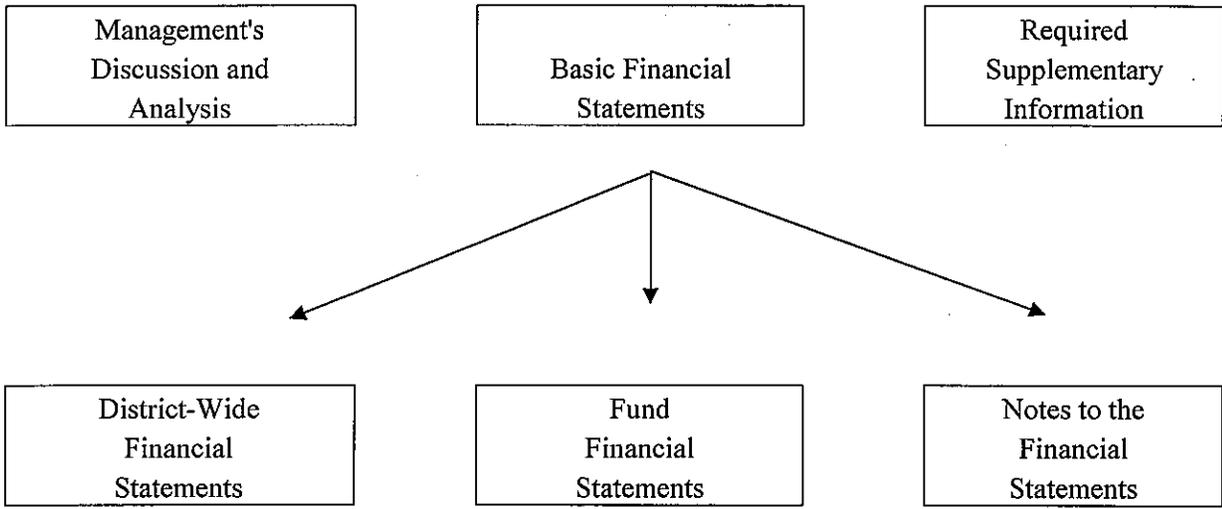


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, transportation services and health benefits	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District utilizes two internal service funds for transportation and health benefits.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District

excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

- *Notes to the basic financial statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
Current and Other Assets	\$ 6,383,655	\$ 6,292,559	\$ 27,876	\$ 1,975	\$ 6,411,531	\$ 6,294,534	-1.82%
Capital Assets	46,172,436	45,607,330	46,208	61,923	46,218,644	45,669,253	-1.19%
Total Assets	<u>52,556,091</u>	<u>51,899,889</u>	<u>74,084</u>	<u>63,898</u>	<u>52,630,175</u>	<u>51,963,787</u>	-1.27%
Long-Term Debt Outstanding	17,255,554	15,651,030			17,255,554	15,651,030	-9.30%
Other Liabilities	2,532,274	2,144,108	66,383	55,745	2,598,657	2,199,853	-15.35%
Total Liabilities	<u>19,787,828</u>	<u>17,795,138</u>	<u>66,383</u>	<u>55,745</u>	<u>19,854,211</u>	<u>17,850,883</u>	-10.09%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	29,820,731	30,857,372	46,208	61,923	29,866,939	30,919,295	3.52%
Restricted	1,129,535	1,352,692	-	-	1,129,535	1,352,692	19.76%
Assigned		1,250,395				1,250,395	100.00%
Unrestricted/(Deficit)	<u>1,817,997</u>	<u>644,292</u>	<u>(38,507)</u>	<u>(53,421)</u>	<u>1,779,490</u>	<u>590,871</u>	-66.80%
Total Net Assets	<u>\$ 32,768,263</u>	<u>\$ 34,104,751</u>	<u>\$ 7,701</u>	<u>\$ 8,502</u>	<u>\$ 32,775,964</u>	<u>\$ 32,862,858</u>	0.27%

Changes in Net Assets. The District's combined net assets were \$34,113,253 on June 30, 2011, \$1,337,289 or 4.08% more than they were the year before. (See Figure A-3). The depreciation factored into the net assets of the District's governmental activities as a decrease is \$1,059,708. The net assets of the business-type activities increased \$801 (See Figure A-4).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
Revenue:							
Program Revenue:							
Charges for Services	\$1,137,693	\$1,123,476	\$611,769	\$638,552	\$1,749,462	\$1,762,028	0.72%
Operating Grants and Contributions	12,667,776	11,202,717	96,172	113,576	12,763,948	11,316,293	-11.34%
General Revenue:							
Property Taxes	31,780,156	31,998,322			31,780,156	31,998,322	0.69%
Federal and State Aid Not Restricted	135,600	210,932			135,600	210,932	55.55%
Other	211,855	197,452			211,855	197,452	-6.80%
Total Revenue	45,933,080	44,732,899	707,941	752,128	46,641,021	45,485,027	-2.48%
Expenses:							
Instruction	23,881,200	23,415,014			23,881,200	23,415,014	-1.95%
Pupil and Instruction Services	8,852,611	7,846,856			8,852,611	7,846,856	-11.36%
Administrative and Business	3,938,434	3,060,163			3,938,434	3,060,163	-22.30%
Maintenance and Operations	3,258,174	3,580,476			3,258,174	3,580,476	9.89%
Transportation	4,919,305	4,782,123			4,919,305	4,782,123	-2.79%
Other	705,864	711,779	724,900	751,327	1,430,764	1,463,106	2.26%
Total Expenses	45,555,588	43,396,411	724,900	751,327	46,280,488	44,147,738	-4.61%
Increase/(Decrease) in Net Assets	\$ 377,492	\$1,336,488	\$ (16,959)	\$ 801	\$ 360,533	\$1,337,289	270.92%

Revenue Sources. The District's total revenue for the 2010/11 school year was \$45,485,027. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$31,998,322 of the total, or 70.35 percent. (See Figure A-5). Another 24.88 percent came from operating grants and contributions with the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers.

Figure A-5
Sources of Revenue for Fiscal Year 2011

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
Operating Grants and Contributions	\$ 11,316,293	24.88%
Property Taxes	31,998,322	70.35%
Charges for Services	1,762,028	3.87%
Federal and State Aid not Restricted	210,932	0.46%
Other	197,452	0.44%
	<u>\$ 45,485,027</u>	<u>100.00%</u>

The total cost of all programs and services was \$44,147,738. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.64 percent). (See Figure A-6). The District's administrative and business activities accounted for 6.93 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2011

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 23,415,014	53.04%
Pupil and Instruction Services	7,846,856	17.77%
Administrative and Business	3,060,163	6.93%
Maintenance and Operations	3,580,476	8.11%
Transportation	4,782,123	10.83%
Other	1,463,106	3.32%
	<u>\$ 44,147,738</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved primarily as a result of the ongoing capital project. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- Increased use of federal funds for tuition and related service costs.
- Dividends from the District's joint venture for workmen's compensation insurance pool due to prior claim experience and past pool net assets were significant this year.
- Refunds of health benefit premiums due to retrospective rating program utilized by the District.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>
Sources of Income:				
Instruction	\$ 23,881,200	\$ 23,415,014	\$ 13,548,082	\$ 13,261,158
Pupil and Instruction Services	8,852,611	7,846,856	7,745,447	7,319,632
Administrative and Business	3,938,434	3,060,163	3,690,758	2,819,681
Maintenance and Operations	3,258,174	3,580,476	3,087,328	3,407,013
Transportation	4,919,305	4,782,123	2,972,640	3,550,955
Other	705,864	711,779	705,864	711,779
	<u>\$ 45,555,588</u>	<u>\$ 43,396,411</u>	<u>\$ 31,750,119</u>	<u>\$ 31,070,218</u>

- The cost of all governmental activities this year was \$43.40 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$11.2 million).
- Most of the District's costs however, were financed by District taxpayers (\$31.99 million).
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity increased by \$801. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position improved despite significant changes in the student clientele and difficult economic conditions. Expenditures related to special needs children have increased due to additional students, requiring related services and material needs. Legal fees are higher because of several cases that required payment of deductibles. Salaries of staff have been increased by prior year negotiated agreements and health benefits have had increases. The lack of a state aid increase, a lower ratable increase, the debt service requirement for the 2004 bond issue and the aforementioned required increases in expenditures resulted in a higher tax rate in 2011. The ability to regenerate fund balance and to have increased ratables is essential since there is not a guaranteed state aid increase.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. Material budget amendments fall into the following categories:

- Changes made within budgetary line items for changes in student-based needs for related services.
- The creation of an in District special education class.

Capital Assets and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percentage Change</u>
	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>	
Land	\$ 1,024,701	\$ 1,024,701			\$ 1,024,701	\$ 1,024,701	0.00%
Construction in Progress	28,367,199	28,845,571			28,367,199	28,845,571	1.69%
Site Improvements, Buildings and Building Improvements	15,392,895	14,812,460			15,392,895	14,812,460	-3.77%
Machinery and Equipment	1,387,641	924,598	\$ 46,208	\$ 61,923	1,433,849	986,521	-31.20%
	<u>\$ 46,172,436</u>	<u>\$ 45,607,330</u>	<u>\$ 46,208</u>	<u>\$ 61,923</u>	<u>\$ 46,218,644</u>	<u>\$ 45,669,253</u>	-1.19%

Long-term Debt

At year-end, the District had \$15,005,000 in general obligation bonds outstanding – a reduction of \$850,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage Change
	2009/10	2010/11	
Serial Bonds Payable	\$ 15,300,000	\$ 15,005,000	-1.93%
Deferred Interest on Refunding Bonds		(1,178,257)	100.00%
		13,826,743	
Capital Leases Payable	1,051,705	923,215	-12.22%
Compensated Absenses Payable	903,849	901,072	-0.31%
	<u>\$ 17,255,554</u>	<u>\$ 15,651,030</u>	-9.30%

- The District continued to pay down its debt, retiring \$850,000 of outstanding bonds.
- The District refinanced its outstanding serial bonds in July 2010.
- The District continued to pay down its existing leases, retiring \$458,685 of outstanding capital leases.
- The District entered into a lease contract for four buses in the amount of \$330,195.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its financial health in the future:

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year will severely impact our ability to maintain and improve our facilities. In addition, the limitation of unrestricted fund balance to 2% of expenditures reduces the District's ability to respond to emergent conditions and limits the use of fund balance in future budgets.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 53 West Mill Road, Long Valley, New Jersey 07853.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash with Fiscal Agents	\$ 1,473,254	\$ -	\$ 1,473,254
Receivables from Other Governments	4,600,377	6,860	4,607,237
Other Receivable	22,276	349	22,625
Unamortized Bond Issuance Costs	196,652		196,652
Inventory		6,467	6,467
Capital Assets:			
Sites (Land) and Construction in Progress	29,870,272		29,870,272
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	15,737,058	61,923	15,798,981
Total Assets	51,899,889	75,599	51,975,488
LIABILITIES			
Accounts Payable - Vendors	695,973	63,599	759,572
Deferred Revenue	68,671	3,498	72,169
Unamortized Premium on Bond Issuance	859,552		859,552
Estimated Liability for Health Claims Incurred but not Reported	519,912		519,912
Noncurrent Liabilities:			
Due Within One Year	1,274,945		1,274,945
Due Beyond One Year	14,376,085		14,376,085
Total Liabilities	17,795,138	67,097	17,862,235
NET ASSETS/(DEFICIT)			
Invested in Capital Assets, Net of Related Debt	30,857,372	61,923	30,919,295
Restricted for:			
Debt Service	48,897		48,897
Capital Projects	1,303,795		1,303,795
Assigned	1,250,395		1,250,395
Unrestricted	644,292	(53,421)	590,871
Total Net Assets	\$ 34,104,751	\$ 8,502	\$ 34,113,253

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 16,712,610		\$ 7,540,233		\$ (9,172,377)	\$ (9,172,377)	
Special Education	5,632,970		2,523,811		(3,109,159)	(3,109,159)	
Other Special Instruction	903,838		76,678		(827,160)	(827,160)	
Other Instruction	165,596		13,134		(152,462)	(152,462)	
Support Services:							
Tuition	1,208,991		7,232		(1,201,759)	(1,201,759)	
Student & Instruction Related Services	6,637,865		519,992		(6,117,873)	(6,117,873)	
General Administrative Services	866,972		42,700		(824,272)	(824,272)	
School Administrative Services	1,507,199		146,675		(1,360,524)	(1,360,524)	
Central Services	658,446		51,107		(607,339)	(607,339)	
Administrative Information	27,546				(27,546)	(27,546)	
Plant Operations and Maintenance	3,580,476		173,463		(3,407,013)	(3,407,013)	
Pupil Transportation	4,782,123	\$ 1,123,476	107,692		(3,550,955)	(3,550,955)	
Interest on Long-Term Debt	590,046				(590,046)	(590,046)	
Transfer to Charter School	71,417				(71,417)	(71,417)	
Unallocated Depreciation	50,316				(50,316)	(50,316)	
Total Governmental Activities	43,396,411	1,123,476	11,202,717	\$ -0-	(31,070,218)	\$ -0-	(31,070,218)
Business-Type Activities:							
Food Service	751,327	638,552	113,576			801	801
Total Business-Type Activities	751,327	638,552	113,576			801	801
Total Primary Government	\$ 44,147,738	\$ 1,762,028	\$ 11,316,293	\$ -0-	(31,070,218)	801	(31,069,417)

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 30,487,832		\$ 30,487,832
Taxes Levied for Debt Service	1,510,490		1,510,490
Federal and State Aid not Restricted	210,932		210,932
Miscellaneous Income	197,452		197,452
Total General Revenue	32,406,706		32,406,706
Change in Net Assets	1,336,488	\$ 801	1,337,289
Net Assets - Beginning	32,768,263	7,701	32,775,964
Net Assets - Ending	\$ 34,104,751	\$ 8,502	\$ 34,113,253

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Receivables From Other Governments	\$ 674,343	\$ 38	\$ 3,925,996	\$ -	\$ 4,600,377
Interfund Receivable	2,364,420	68,974		48,897	2,482,291
Other Receivable	4,648				4,648
Total Assets	\$ 3,043,411	\$ 69,012	\$ 3,925,996	\$ 48,897	\$ 7,087,316
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 314,825	\$ 91	\$ 226,248	\$ -	\$ 541,164
Interfund Payable		250	3,350,840		3,351,090
Deferred Revenue		68,671			68,671
Total Liabilities	314,825	69,012	3,577,088		3,960,925
Fund Balances:					
Restricted for:					
Capital Reserve Account	954,887				954,887
Excess Surplus	23,151				23,151
Debt Service Fund				48,897	48,897
Capital Projects Fund			348,908		348,908
Subsequent Year's Expenditures	573,655				573,655
Subsequent Year's Expenditures - Excess Surplus	273,976				273,976
Assigned to:					
Year-end Encumbrances	379,613				379,613
Unassigned	523,304				523,304
Total Fund Balances	2,728,586	-	348,908	48,897	3,126,391
Total Liabilities and Fund Balances	\$ 3,043,411	\$ 69,012	\$ 3,925,996	\$ 48,897	

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 \$62,485,370 and the accumulated depreciation is \$16,878,040.

45,607,330

Internal service funds are used by management to charge the costs of transportation and health benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.

1,684,960

Bond Issuance Costs are reported as expenditures in the Governmental Funds. The amount is \$211,779 and the amortization is \$15,127.

196,652

Premium on Bond Issuance is reported as an expenditure in the Governmental Funds. The amount is \$925,671 and the amortization is \$66,119.

(859,552)

Deferred interest costs are reported as expenditures in Governmental Funds. The amount is \$1,268,892 and the amortization is \$90,635.

1,178,257

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

(16,829,287)

Net Assets of Governmental Activities

\$ 34,104,751

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 30,487,832	\$ -	\$ -	\$ 1,510,490	\$ 31,998,322
Miscellaneous	197,452	79,632	-	-	277,084
Total - Local Sources	30,685,284	79,632	-	1,510,490	32,275,406
State Sources	10,241,882	-	210,932	-	10,452,814
Federal Sources	-	881,202	-	-	881,202
Total Revenue	40,927,166	960,834	210,932	1,510,490	43,609,422
EXPENDITURES:					
Current:					
Regular Instruction	11,933,097	298,534	-	-	12,231,631
Special Education Instruction	3,831,254	582,066	-	-	4,413,320
Other Special Instruction	642,785	-	-	-	642,785
Other Instruction	120,880	-	-	-	120,880
Support Services and Undistributed Costs:					
Tuition	1,201,759	7,232	-	-	1,208,991
Student & Instruction Related Services	4,544,997	73,002	-	-	4,617,999
General Administrative Services	700,404	-	-	-	700,404
School Administrative Services	1,260,703	-	-	-	1,260,703

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 484,449	\$ -	\$ -	\$ -	\$ 484,449
Administrative Information Technology	27,546	-	-	-	27,546
Plant Operations and Maintenance	2,915,731	-	-	-	2,915,731
Pupil Transportation	3,288,598	-	-	-	3,288,598
Unallocated Benefits	9,272,562	-	-	-	9,272,562
Debt Service:					
Principal	-	-	-	850,000	850,000
Interest and Other Charges	-	-	-	611,593	611,593
Transfer to Charter School	71,417	-	-	-	71,417
Capital Outlay	66,546	-	478,372	-	544,918
Total Expenditures	<u>40,362,728</u>	<u>960,834</u>	<u>478,372</u>	<u>1,461,593</u>	<u>43,263,527</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>564,438</u>	<u>-</u>	<u>(267,440)</u>	<u>48,897</u>	<u>345,895</u>
OTHER FINANCING SOURCES/(USES):					
Serial Bonds Defeased				11,705,000	11,705,000
Serial Bonds Issued				(12,260,000)	(12,260,000)
Bond Premium				(925,671)	(925,671)
Bonds Issuance Costs				211,779	211,779
Deferred Interest on Refunding				1,268,892	1,268,892
Total Other Financing Sources/(Uses)		<u>-</u>	<u>-</u>	<u>-</u>	
Net Change in Fund Balances	564,438	-	(267,440)	48,897	345,895
Fund Balance—July 1	<u>2,164,148</u>	<u>-</u>	<u>616,348</u>	<u>-</u>	<u>2,780,496</u>
Fund Balance—June 30	<u>\$ 2,728,586</u>	<u>\$ -</u>	<u>\$ 348,908</u>	<u>\$ 48,897</u>	<u>\$ 3,126,391</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$	345,895
Total Net Change in Fund Balances - Internal Service Funds prior to depreciation expense (from B-5)			762,200
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.			
	Depreciation expense	\$ (1,059,708)	
	Capital outlays	<u>494,602</u>	
			(565,106)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			
			2,777
Debt issued for the advanced refunding less the amount of bonds defeased are not recorded in the governmental fund.			
	School bonds issued	(12,260,000)	
	School bonds defeased	11,705,000	
	School bond deferred interest	1,268,892	
	School bond issuance costs	211,779	
	School bond premium	<u>(925,671)</u>	
The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)			
			(126,904)
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)			
			239,087
The governmental funds report the effect of deferred bond interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)			
			(90,635)
Capital leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.			
			(330,195)
Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.			
			<u>1,099,369</u>
Change in Net Assets of Governmental Activities		\$	<u><u>1,336,488</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents		
Cash with Fiscal Agents	\$ -	\$ 1,473,254
Accounts Receivable:		
State	970	
Federal	5,890	
Other Receivables	349	17,628
Interfund Receivable		868,799
Inventories	6,467	
Total Current Assets	13,676	2,359,681
Non-Current Assets:		
Capital Assets	358,713	3,760,850
Less: Accumulated Depreciation	(296,790)	(2,784,353)
Total Non-Current Assets	61,923	976,497
Total Assets	75,599	3,336,178
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors	63,599	154,809
Deferred Revenue	3,498	
Estimated Liability for Health Benefit Claims		519,912
Total Current Liabilities	67,097	674,721
Long Term Liabilities:		
Leases Payable		620,321
Total Liabilities	67,097	1,295,042
<u>NET ASSETS:</u>		
Invested in Capital Assets, Net of Related Debt	61,923	356,176
Unrestricted/(Deficit)	(53,421)	1,684,960
Total Net Assets	\$ 8,502	\$ 2,041,136

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs		
School Lunch Program	\$ 626,875	
Daily Sales - Non-Reimbursable Programs	11,677	
Transportation Charges and Fees	-	\$ 3,820,261
Assessments	-	5,320,879
	<hr/>	<hr/>
Total Operating Revenue	638,552	9,141,140
	<hr/>	<hr/>
Operating Expenses:		
Cost of Sales	575,756	-
Salaries, Benefits and Payroll Taxes	149,590	2,467,140
Professional and Technical Services	7,721	55,219
Supplies and Repairs	12,645	6,118
Interest Expense on Capital Leases	-	14,868
Depreciation Expense	5,615	177,913
Maintenance	-	929,128
Provisions for Health Benefits Claims and Claim Adjustment Expense	-	4,906,467
	<hr/>	<hr/>
Total Operating Expenses	751,327	8,556,853
	<hr/>	<hr/>
Operating Income/(Loss)	(112,775)	584,287
	<hr/>	<hr/>
Non-Operating Income:		
State Sources:		
State School Lunch Program	6,580	-
Federal Sources		
National School Lunch Program	60,576	-
Special Milk Program	1,256	-
Food Distribution Program	45,164	-
	<hr/>	<hr/>
Total Non-Operating Income	113,576	-
	<hr/>	<hr/>
Change in Net Assets	801	584,287
Net Assets - Beginning of Year	7,701	1,456,849
	<hr/>	<hr/>
Net Assets - End of Year	\$ 8,502	\$ 2,041,136
	<hr/> <hr/>	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Service Fund</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 638,552	\$ 9,240,751
Payments to Employees/Benefits	(157,202)	-
Payments for Health Benefits, Claims and Expenses	-	(4,948,519)
Payments to Food Service Vendor	(532,528)	-
Payments to Suppliers	(20,367)	(4,462,334)
Net Cash Used for Operating Activities	<u>(71,545)</u>	<u>(170,102)</u>
Cash Flows from Capital Financing Activities:		
Capital Lease Payments	-	(224,184)
Acquisition of Equipment	(21,330)	-
Net Cash Used for Capital Financing Activities	<u>(21,330)</u>	<u>(224,184)</u>
Cash Flows from Noncapital Financing Activities:		
Cash Received for Transfers		
Cash Received from Federal and State Sources	65,890	-
Net Cash Provided by Noncapital Financing Activities	<u>65,890</u>	<u>-</u>
Net Increase Decrease in Cash and Cash Equivalents	(26,985)	(394,286)
Cash and Cash Equivalents, July 1	15,633	1,867,540
Cash and Cash Equivalents, June 30	<u>\$ (11,352)</u>	<u>\$ 1,473,254</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by/(for) Operating Activities:		
Operating Income/(Loss)	\$ (112,775)	\$ 584,287
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by/(for) Operating Activities:		
Depreciation	5,615	177,913
Interest on Capital Leases	-	14,868
Federal Food Distribution Program	45,164	-
Changes in Assets and Liabilities:		
(Increase)/Decrease in Interfund Receivable		(856,238)
(Increase)/Decrease in fixed assets		87,050
Decrease in Inventory	1,089	-
Increase/(Decrease) in Accounts Payable	3,739	(135,930)
Increase in Deferred Revenue	(3,025)	-
Increase/(Decrease) in Estimated Liability for Health Benefit Claims	-	(42,052)
Net Cash Provided/(Used) by/(for) Operating Activities	<u>\$ (60,193)</u>	<u>\$ (170,102)</u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$42,139 and used \$45,164 of commodities during the year.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Agency Funds			Total	Unemployment Compensation Trust
	Student Activity	Payroll	Flexible Spending		
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 34,050	\$ 154,619	\$ 1,877	\$ 190,546	\$ 622,840
Total Assets	<u>34,050</u>	<u>154,619</u>	<u>1,877</u>	<u>190,546</u>	<u>622,840</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	-	154,619	1,877	156,496	-
	<u>34,050</u>	<u>-</u>	<u>-</u>	<u>34,050</u>	<u>-</u>
Total Liabilities	<u>34,050</u>	<u>154,619</u>	<u>1,877</u>	<u>190,546</u>	<u>-</u>
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims	-	-	-	-	622,840
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,840</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 25,764
Total Additions	<u>25,764</u>
DEDUCTIONS:	
Unemployment Compensation Claims	<u>65,870</u>
Total Deductions	<u>65,870</u>
Change in Net Assets	(40,107)
Net Assets - Beginning of the Year	<u>662,946</u>
Net Assets - End of the Year	<u>\$ 622,839</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school located in Washington Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary*– are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary funds:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Basis of Presentation: (Cont'd)

Internal Service Funds: The District operates two internal service funds for transportation and health benefits. The funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprise.

Additionally, the District reports the following fund type:

Fiduciary Funds: The fiduciary funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund and Internal Service Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1 Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

The 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 40,717,767	\$ 960,834
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	870,830	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(661,431)</u>	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 40,927,166</u>	<u>\$ 960,834</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

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

D. Budgets/Budgetary Control: (cont'd)

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the

Differences - Budget to GAAP

Budgetary Comparison Schedule	\$ 40,362,728	\$ 960,834
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Total Expenditures as Reported on the Statement of Revenue,

Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 40,362,728	\$ 960,834
-----------------------------------------------------------------	---------------	------------

		<u>Fund</u>
		<u>Balance</u>
Fund Balance - Budgetary Basis		\$ 527,318
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(178,410)
Fund Balance per Governmental Funds (GAAP)		\$ 348,908

E. Cash and Cash Equivalents, and Investments:

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenue/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, 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.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	40 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures in 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 expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2011.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

Deferred revenue represents cash and/or commodities which have been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$2,728,586 General Fund fund balance at June 30, 2011, \$379,613 is assigned to year-end encumbrances, \$954,887 is restricted in the capital reserve account; \$573,655 has been assigned and appropriated and included as anticipated revenue for the year ending June 30, 2011; \$273,976 has been restricted for subsequent year's expenditures; \$23,151 is restricted for excess surplus in accordance with N.J.S.A.18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013 and \$523,304 is unassigned, which is \$661,431 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Capital Projects Fund: The \$348,908 of Capital Projects Fund fund balance at June 30, 2011 is restricted.

Debt Service Fund: The \$48,897 of Debt Service Fund fund balance at June 30, 2011 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2011 as identified above.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$661,431 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Deficit /Net Assets:

The District has a deficit in unrestricted net assets in the food service fund on a fund basis and business type activities on a district wide. This resulted in the current year due to expenses exceeding revenue and a purchase of capital assets in the food service fund. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes 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.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, excess surplus, capital projects, and in the debt service funds as defined by State law.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2011.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the proprietary funds. For the School District, these revenue are sales for food service, assessments for health benefits, and charges and fees for transportation. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective proprietary funds.

V. Management Estimates:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed on the following page.

Deposits:

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Cash With Fiscal Agents</u>	<u>Total</u>
Checking and Savings Accounts	\$ 813,386		\$ 813,386
Demand Deposits of US Government Securities		\$ 1,473,254	1,473,254
	<u>\$ 813,386</u>	<u>\$ 1,473,254</u>	<u>\$ 2,286,640</u>

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2011, was \$2,286,640 and the bank balance was \$2,492,200. The \$1,473,254 cash with fiscal agents is uninsured and unregistered.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township of Education by inclusion of \$200,100 on June 30, 2002 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 354,887
Plus: Transfer from General Fund	<u>600,000</u>
Ending Balance, June 30, 2011	<u><u>\$ 954,887</u></u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is equal to or greater than \$954,887.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$40,442 to the capital outlay accounts. The transfer was made for equipment and therefore did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 82,127
Operations and Maintenance of Plant	74,180
General Administration	21,194
Transportation	384,144
Unallocated	<u>498,063</u>
	<u><u>\$ 1,059,708</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,024,701			\$ 1,024,701
Construction in Progress	28,367,199	\$ 478,372		28,845,571
Total Capital Assets Not Being Depreciated	<u>29,391,900</u>	<u>478,372</u>		<u>29,870,272</u>
Capital Assets Being Depreciated:				
Site Improvements	1,716,120			1,716,120
Buildings and Building Improvements	25,353,650			25,353,650
Machinery and Equipment	5,529,098	16,230		5,545,328
Total Capital Assets Being Depreciated	<u>32,598,868</u>	<u>16,230</u>		<u>32,615,098</u>
Governmental Activities Capital Assets	<u>61,990,768</u>	<u>494,602</u>	\$ -0-	<u>62,485,370</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,362,434)	(81,517)		(1,443,951)
Buildings and Building Improvements	(10,314,441)	(498,918)		(10,813,359)
Machinery and Equipment	(4,141,457)	(479,273)		(4,620,730)
	<u>(15,818,332)</u>	<u>(1,059,708)</u>		<u>(16,878,040)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,172,436</u>	<u>\$ (565,106)</u>	<u>\$ -0-</u>	<u>\$ 45,607,330</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 337,383	\$ 21,330		\$ 358,713
Less: Accumulated Depreciation	(291,175)	(5,615)		(296,790)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,208</u>	<u>\$ 15,715</u>	<u>\$ -0-</u>	<u>\$ 61,923</u>

The District had active construction projects totaling \$28,845,571 as of June 30, 2011. The projects are the construction of a new elementary school and renovation of other schools in the District.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2010</u>	<u>Issued/</u> <u>Accrued</u>	<u>Defeased</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Serial Bonds Payable	\$ 15,300,000	\$ 12,260,000	\$ 11,705,000	\$ 850,000	\$ 15,005,000
Less: Deferred Amount on Refunding		(1,268,892)		90,635	(1,178,257)
	<u>15,300,000</u>	<u>10,991,108</u>	<u>11,705,000</u>	<u>940,635</u>	<u>13,826,743</u>
Compensated Absences Payable	903,849	121,036		123,813	901,072
Capital Leases Payable	1,051,705	330,195		458,685	923,215
	<u>\$ 17,255,554</u>	<u>\$ 11,442,339</u>	<u>\$ 11,705,000</u>	<u>\$ 1,523,133</u>	<u>\$ 15,651,030</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2011 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
7/15/2013	3.50% - 4.00%	\$ 2,745,000
7/15/2024	2.00% - 4.00%	12,260,000
		<u>\$ 15,005,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 950,000	\$ 523,073	\$ 1,473,073
2013	985,000	489,574	1,474,574
2014	1,025,000	452,238	1,477,238
2015	1,065,000	416,325	1,481,325
2015	1,095,000	378,450	1,473,450
2016-2020	6,000,000	1,194,750	7,194,750
2021-2023	3,885,000	171,675	4,056,675
	<u>\$ 15,005,000</u>	<u>\$ 3,626,084</u>	<u>\$ 18,631,084</u>

On July 28, 2010, the Washington Township School District issued \$12,260,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$11,705,000 school bonds with interest rates ranging from 3.25% to 4.60%. The refunding bonds mature on July 15, 2011 through 2023 and September 15, 2012 is the first optional redemption date at 100% of par. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were eliminated from the District's government-wide financial statements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. GENERAL LONG-TERM DEBT (Cont'd)

A. Bonds Payable (Cont'd)

As a result of the advance refunding, the District reduced its total debt service requirements by \$472,332, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt). Interest in the amount of \$1,268,892 was deferred upon issuance; \$1,178,257 is deferred at June 30, 2011.

B. Bonds Authorized but not Issued:

As of June 30, 2011, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2011, the Board had capital leases payable for the acquisition of buses, computers and technology with a total asset value of \$1,154,747. The capital lease terms are for five years. In fiscal year 2009, the District also entered into leases for the purchase of computers. The amount of the lease for the computers is \$1,004,760. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 409,825
2013	300,538
2014	126,163
2015	98,222
2016	35,141
	<u>969,889</u>
Less: Amount representing interest	<u>(46,674)</u>
Present value of net minimum lease payments	<u>\$ 923,215</u>

The current portion of Capital Leases payable at June 30, 2011 is \$392,028 and the long-term portion is \$531,187. Capital leases will be liquidated through the general and internal service funds.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$100,000 and is separated from the long-term liability balance of compensated absences of \$801,072.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

Compensated absences will be liquidated through the General Fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. PENSION PLANS

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

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District contributions to PERS amounted to \$435,082, \$363,046 and \$293,598 for the fiscal years ended June 30, 2011, 2010 and 2009 respectively.

During the fiscal years ended June 30, 2011, 2010, and 2009 the State of New Jersey made no contributions to the TPAF for normal pension benefits on-behalf of the District.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in fiscal year 1994.

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

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,205,145 \$1,260,024 and \$1,145,220 for 2011, 2010 and 2009, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District maintains commercial coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

Property and Liability

The Washington Township School District is a member of the Morris Essex Insurance Group (the "Group"). The Group provides worker's compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pools that are an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the entities are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the MEIG as of June 30, 2011 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 7,361,713
Net Assets	\$ 3,049,206
Total Revenue	\$ 2,926,184
Total Expenses and Adjustments	\$ 1,765,941
Change in Net Assets	\$ 567,949
Net Assets Distribution to Participating Members	\$ 592,294

Financial statements for the Group are available at the entities' Executive Director's Office:

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675

New Jersey Unemployment Compensation Insurance

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, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ -0-	\$ -0-	\$ 25,764	\$ 65,870	\$ 622,840
2009-2010	-0-	1,723	36,655	33,060	662,946
2008-2009	-0-	4,117	56,434	5,304	657,628

NOTE 11. ECONOMIC DEPENDENCY

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 12. ACCRUED LIABILITY FOR HEALTH BENEFITS CLAIMS

The District maintains medical and dental health care insurance with Horizon Blue Cross/Blue Shield ("Horizon"). The insurance plan is a traditionally funded, minimum premium, fully participating plan whereby the District participates in any margins or losses generated by claims experience and holds reserves for its estimated liability for incurred but not reported claims which are calculated by Horizon's actuary.

The accrued liability for health benefits claims represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30 ("IBNR"). This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the District, various other industry statistics, including the effects of inflation and other societal or economic factors, and the District's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess-loss insurance or reinsurance. The District has created a loss reserve for any potential unreported losses which have taken place but in which the District has not received notices or reports of losses. Loss reserves, in the form of IBNR, which have been estimated by the claims administrator, are as follows:

	<u>Fiscal Year Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Accrued Liability for Health Benefits Claims, July 1	\$ 561,964	\$ 568,932
Incurred Claims and Claim Adjustment Expenses	4,920,191	5,395,224
Paid Claims and Claim Adjustment Expenses	<u>(4,962,243)</u>	<u>(5,402,192)</u>
Accrued Liability for Health Benefits Claims, June 30	<u>\$ 519,912</u>	<u>\$ 561,964</u>

NOTE 13. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2011:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 2,364,420	
Special Revenue Fund	68,974	\$ 250
Capital Projects Fund		3,350,840
Debt Service Fund	48,897	
Internal Service Fund	868,799	
	<u>\$ 3,351,090</u>	<u>\$ 3,351,090</u>

The special revenue fund owes the general fund \$250 which covers payment made on behalf of the special revenue fund due to local funding not being received by year end. There is a \$3,350,840 interfund due from the capital projects fund to the general fund, special revenue fund, debt service fund and internal service funds for expenses paid out of those funds and for interest earned in the capital projects fund. Also the capital projects fund interfund payable consists of funding paid by the general fund or due back to the general fund when the state receivable is received.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 14. DEFERRED COMPENSATION

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

VALIC Equitable Financial Companies Fidelity Investments	Lincoln National Lincoln Investment Planning Siracusa Benefits
----------------------------------------------------------------	----------------------------------------------------------------------

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined, agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITY

Grant Programs

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

Litigation

The District is periodically involved in claims and pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds.

	General Fund	Total Governmental Types
Vendors	\$ 379,613	\$ 379,613

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 16. CONTINGENT LIABILITY (Cont'd)

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$19,100,300 School Bonds dated July 15, 2003. The amount of the liability at June 30, 2011, if any, is unknown.

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 30,487,832	\$ -	\$ 30,487,832	\$ 30,487,832	\$ -
Miscellaneous	150,000	67,116	217,116	197,452	(19,664)
Total - Local Sources	30,637,832	67,116	30,704,948	30,685,284	(19,664)
State Sources:					
Extraordinary Aid	244,815	-	244,815	661,419	416,604
Categorical Special Education Aid	1,544,760	-	1,544,760	1,544,760	-
NonPublic Transportation Aid	-	-	-	12,897	12,897
Equalization Aid	5,212,373	-	5,212,373	5,212,373	-
On-Behalf Non Contributory Group Insurance (Non-Budgeted)	-	-	-	56,739	56,739
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)	-	-	-	1,205,145	1,205,145
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,339,150	1,339,150
Total State Sources	7,001,948	-	7,001,948	10,032,483	3,030,535
TOTAL REVENUES	37,639,780	67,116	37,706,896	40,717,767	3,010,871
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	387,912	(24,539)	363,373	354,011	9,362
Grades 1-5 - Salaries of Teachers	5,669,271	31,020	5,700,291	5,651,926	48,365
Grades 6-8 - Salaries of Teachers	4,577,847	(63,186)	4,514,661	4,487,292	27,369
Regular Programs - Home Instruction:					
Salaries of Teachers	12,800	2,904	15,704	15,704	-
Other Purchased Services	2,500	-	2,500	1,526	974

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
Regular Programs - Home Instruction (Cont'd):					
Other Salaries for Instruction	\$ 275,908	\$ 4,539	280,447	\$ 269,299	\$ 11,148
Purchased Professional/Educational Services	7,000	(7,000)	-		
Other Purchased Services (400-500 series)	529,578	81,374	610,952	610,941	11
General Supplies	717,130	(98,996)	618,134	542,398	75,736
Total Regular Programs - Instruction	12,179,946	(73,884)	12,106,062	11,933,097	172,965
Special Education - Instruction:					
Neurologically Impaired:					
Salaries of Teachers	835,673	69,006	904,679	889,186	15,493
Other Salaries for Instruction	212,306	68,503	280,809	280,725	84
General Supplies	9,132	9,002	18,134	17,597	537
Total Neurologically Impaired	1,057,111	146,511	1,203,622	1,187,508	16,114
Behavioral Disabilities:					
Salaries of Teachers	56,805	178	56,983	56,983	
Other Salaries for Instruction	21,150	815	21,965	21,691	274
General Supplies	1,750	584	2,334	927	1,407
Total Behavioral Disabilities	79,705	1,577	81,282	79,601	1,681
Resource Room/Resource Center:					
Salaries of Teachers	1,685,025	46,817	1,731,842	1,730,391	1,451
Other Salaries for Instruction	399,677	56,623	456,300	456,298	2
General Supplies	8,096	2,951	11,047	10,870	177
Total Resource Room/Resource Center	2,092,798	106,391	2,199,189	2,197,559	1,630

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 220,804	\$ 94,321	\$ 315,125	\$ 311,871	\$ 3,254
Other Salaries for Instruction	50,853	(7,969)	42,884	40,262	2,622
General Supplies	16,786	(1,544)	15,242	14,453	789
Total Preschool Handicapped - Part-time	<u>288,443</u>	<u>84,808</u>	<u>373,251</u>	<u>366,586</u>	<u>6,665</u>
Total Special Education Instruction	<u>3,518,057</u>	<u>339,287</u>	<u>3,857,344</u>	<u>3,831,254</u>	<u>26,090</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	617,339	2,261	619,600	617,942	1,658
General Supplies	2,762		2,762	2,619	143
Total Basic Skills/Remedial - Instruction	<u>620,101</u>	<u>2,261</u>	<u>622,362</u>	<u>620,561</u>	<u>1,801</u>
Bilingual Education - Instruction:					
Salaries of Teachers	27,622		27,622	21,700	5,922
General Supplies	543		543	524	19
Total Bilingual Education - Instruction	<u>28,165</u>		<u>28,165</u>	<u>22,224</u>	<u>5,941</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	46,438	16,490	62,928	62,822	106
Purchased Services	1,550	3,000	4,550	810	3,740
Supplies and Materials	1,725		1,725	1,684	41
Total School-Sponsored Cocurricular Activities - Instruction	<u>49,713</u>	<u>19,490</u>	<u>69,203</u>	<u>65,316</u>	<u>3,887</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 27,669	\$ 21,585	\$ 49,254	\$ 46,744	\$ 2,510
Other Purchased Services	3,070	2,415	5,485	5,013	472
Supplies and Materials	4,825		4,825	3,807	1,018
Total School-Sponsored Cocurricular Athletics - Instruction	35,564	24,000	59,564	55,564	4,000
Total Instruction	16,431,546	311,153	16,742,700	16,528,016	214,684
Undistributed Expenditures:					
Instruction:					
Tuition to Regular Day Schools - Special		4,546	4,546	4,546	
Tuition to Other LEAs Within the State - Special	153,260	20,511	173,771	173,579	192
Tuition to CSSD & Regional Day Schools	90,000	(6,600)	83,400	83,400	-
Tuition to Private Schools for the Handicapped - Within State	1,144,088	(203,854)	940,234	940,234	
Total Undistributed Expenditures - Instruction:	1,387,348	(185,397)	1,201,951	1,201,759	192
Attendance & Social Work:					
Salaries	4,554	400	4,954	4,952	2
Total Attendance & Social Work	4,554	400	4,954	4,952	2
Health Services:					
Salaries	515,657	20,931	536,588	536,588	
Purchased Professional and Technical Services	7,000		7,000	6,146	854
Other Purchased Services	2,350	-	2,350	938	1,412
Supplies and Materials	14,140	1,871	16,011	15,060	951
Total Health Services	539,147	22,802	561,949	558,732	3,217

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
Other Support Services - Students - Speech, OT, PT, and Related Services:					
Salaries of Other Professional Staff	\$ 850,918	\$ (112,667)	\$ 738,251	\$ 719,547	\$ 18,704
Purchased Professional - Educational Services	672,319	(5,926)	666,393	456,098	210,295
Supplies and Materials	8,874	790	9,664	9,003	661
Total Other Support Services - Students -Speech, OT, PT, and Related Services	1,532,111	(117,803)	1,414,308	1,184,648	229,660
Other Support Services - Students - Extraordinary Services:					
Salaries	167,713	(15,397)	152,316	150,791	1,525
Purchased Professional - Educational Services	112,923		112,923	109,830	3,093
Supplies	105		105	105	
Total Other Support Services - Students - Extraordinary Services	280,741	(15,397)	265,344	260,726	4,618
Guidance:					
Salaries of Other Professional Staff	361,628	(4,963)	356,665	356,665	
Salaries of Secretarial and Clerical Assistants	114,698	(59,063)	55,635	55,635	
Supplies and Materials	1,422		1,422	1,049	373
Total Guidance	477,748	(64,026)	413,722	413,349	373
Child Study Team:					
Salaries of Other Professional Staff	1,293,593		1,293,593	1,290,064	3,529
Salaries of Secretarial and Clerical Assistants	85,452	542	85,994	85,990	4
Other Purchased Services	20,000	795	20,795	11,733	9,062
Miscellaneous Purchased Services	5,797		5,797	5,624	173
Supplies and Materials	26,609		26,609	25,207	1,402
Other Objects	1,800		1,800	225	1,575
Total Child Study Team	1,433,251	1,337	1,434,588	1,418,843	15,745

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
Improvement of Instructional Services:					
Salaries	\$ 104,000	\$ 2,456	\$ 106,456	\$ 103,544	\$ 2,912
Salaries of Professional Staff		387	387	387	
Salaries of Secretarial and Clerical Assistants	51,579		51,579	44,908	6,671
Purchased Professional/Educational Services	3,658		3,658	1,740	1,918
Supplies and Materials	5,400	-	5,400	5,171	229
Total Improvement of Instructional Services	<u>164,637</u>	<u>2,843</u>	<u>167,480</u>	<u>155,750</u>	<u>11,730</u>
Educational Media Services/School Library:					
Salaries	370,063	16,930	386,993	384,659	2,334
Other Purchased Services	39,947	(296)	39,651	35,494	4,157
Supplies and Materials	56,929	4,549	61,478	54,780	6,698
Total Educational Media Services/School Library	<u>466,939</u>	<u>21,183</u>	<u>488,122</u>	<u>474,933</u>	<u>13,189</u>
Instructional Staff Training Services:					
Other Purchased Services	107,120		107,120	73,064	34,056
Total Instructional Staff Training Services	<u>107,120</u>		<u>107,120</u>	<u>73,064</u>	<u>34,056</u>
Support Services - General Administration:					
Salaries	357,992	2,037	360,029	356,202	3,827
Legal Services	60,000	(17,500)	42,500	34,540	7,960
Audit Fees	35,000	6,575	41,575	41,575	
Other Purchased Professional Services	3,050	23,795	26,845	2,920	23,925
Communications/Telephone	84,681	(30)	84,651	83,797	854
Purchased Services	3,000	-	3,000	304	2,696
Other Purchased Services	99,338	73,247	172,585	142,075	30,510
General Supplies	15,000	(1,781)	13,219	13,219	
BOE Meeting Supplies	500	300	800	791	9
Miscellaneous Expenditures	5,934	-	5,934	5,701	233
Board of Education Membership Dues and Fees	19,800	(398)	19,402	19,280	122
Total Support Services - General Administration	<u>684,295</u>	<u>86,245</u>	<u>770,540</u>	<u>700,404</u>	<u>70,136</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 691,018	\$ 7,663	\$ 698,681	\$ 698,680	\$ 1
Salaries of Secretarial and Clerical Assistants	470,386	59,063	529,449	524,878	4,571
Other Purchased Services	14,178		14,178	12,782	1,396
Supplies and Materials	15,506	(750)	14,756	14,619	137
Other Objects	10,000		10,000	9,744	256
Total Support Services - School Administration	<u>1,201,088</u>	<u>65,976</u>	<u>1,267,064</u>	<u>1,260,703</u>	<u>6,361</u>
Central Services:					
Salaries	441,982	6,300	448,282	426,334	21,948
Purchased Professional Services	1,000		1,000	-	1,000
Other Purchased Professional Services	27,205	26,600	53,805	48,717	5,088
Supplies and Materials	8,000	(486)	7,514	7,513	1
Miscellaneous Expenses	2,140	(14)	2,126	1,885	241
Total Central Services	<u>480,327</u>	<u>32,400</u>	<u>512,727</u>	<u>484,449</u>	<u>28,278</u>
Administrative Information Technology:					
Salaries	27,068	(22,240)	4,828	-	4,828
Purchased Technical Services	7,940	15,680	23,620	23,484	136
Supplies and Materials	7,450	(2,500)	4,950	4,062	888
Total Administrative Information Technology	<u>42,458</u>	<u>(9,060)</u>	<u>33,398</u>	<u>27,546</u>	<u>5,852</u>
Required Maintenance of School Facilities:					
Salaries	121,836	904	122,740	122,740	-
Cleaning, Repair and Maintenance Services	301,960	84,999	386,959	213,195	173,764
General Supplies	50,000	(38,430)	11,570	11,570	
Total Required Maintenance of School Facilities	<u>473,796</u>	<u>47,473</u>	<u>521,269</u>	<u>347,505</u>	<u>173,764</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
Custodial Services:					
Salaries	\$ 1,388,705	\$ -	\$ 1,388,705	\$ 1,324,284	\$ 64,421
Purchased Professional and Technical Services	14,350	7,540	21,890	21,850	40
Cleaning, Repairs, and Maintenance Services	159,470	2,582	162,052	154,006	8,046
Other Purchased Services	210,948	(3,000)	207,948	207,365	583
Insurance	106,540	(9,538)	97,002	93,093	3,909
General Supplies	141,123	(19,408)	121,715	121,045	670
Energy (Natural Gas)	346,000	(1,600)	344,400	212,486	131,914
Energy (Electricity)	495,379	(2,000)	493,379	427,002	66,377
Energy (Oil)	6,000	1,600	7,600	7,095	505
Total Custodial Services	2,868,515	(23,824)	2,844,691	2,568,226	276,465
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	2,696,785		2,696,785	2,696,785	-
Special Education with CSSD's and ESCs	592,670	(26,908)	565,762	521,382	44,380
Aid in Lieu Payments- Non-Public Schools	44,200	26,908	71,108	70,431	677
Total Student Transportation Services	3,333,655		3,333,655	3,288,598	45,057
Unallocated Benefits:					
Social Security Contributions	372,627	32,955	405,581	405,581	
Other Retirement Contributions - PERS	398,471	37,000	435,470	435,082	388
Workmen's Compensation	176,579		176,579	160,293	16,286
Health Benefits	5,504,954	(2,000)	5,502,954	5,454,621	48,333
Tuition Reimbursement	94,200		94,200	90,406	3,794
Other Employee Benefits	294,986	(160,475)	134,511	125,545	8,966
Total Unallocated Benefits	6,841,817	(92,520)	6,749,295	6,671,528	77,767

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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 EXPENSE					
On-Behalf Contributions:					
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)	-	-	-	\$ 56,739	\$ (56,739)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)	-	-	-	1,205,145	(1,205,145)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,339,150	(1,339,150)
Total On-Behalf Contributions				<u>2,601,034</u>	<u>(2,601,034)</u>
Total Personal Services - Employee Benefits	<u>\$ 6,841,817</u>	<u>\$ (92,520)</u>	<u>\$ 6,749,295</u>	<u>9,272,562</u>	<u>(2,523,267)</u>
Total Undistributed Expenses	<u>22,319,547</u>	<u>(227,368)</u>	<u>22,092,177</u>	<u>23,696,749</u>	<u>(1,604,572)</u>
TOTAL CURRENT EXPENSE	<u>38,751,093</u>	<u>83,785</u>	<u>38,834,877</u>	<u>40,224,765</u>	<u>(1,389,888)</u>
CAPITAL OUTLAY					
Equipment:					
Instructional	4,500	-	4,500	4,424	76
Non-Instructional	2,565	40,442	43,007	11,741	31,266
Total Equipment	<u>7,065</u>	<u>40,442</u>	<u>47,507</u>	<u>16,165</u>	<u>31,342</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	80,316	16,950	97,266	50,381	46,885
Total Facilities Acquisition and Construction Services	<u>80,316</u>	<u>16,950</u>	<u>97,266</u>	<u>50,381</u>	<u>46,885</u>
TOTAL CAPITAL OUTLAY	<u>87,381</u>	<u>57,392</u>	<u>144,773</u>	<u>66,546</u>	<u>78,227</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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>
Transfer To Charter School	\$ 32,664	\$ 38,769	\$ 71,433	\$ 71,417	\$ 16
TOTAL EXPENDITURES	38,871,138	179,946	39,051,083	40,362,728	(1,311,645)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,231,358)	(112,830)	(1,344,187)	355,039	1,699,226
Fund Balance, July 1	3,034,978	-	3,034,978	3,034,978	-
Fund Balance, June 30	<u>\$ 1,803,620</u>	<u>\$ (112,830)</u>	<u>\$ 1,690,791</u>	<u>\$ 3,390,017</u>	<u>\$ 1,699,226</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 954,887	
Excess Surplus				23,151	
Excess Surplus- Designated for Subsequent Year's Expenditures				273,976	
Assigned to:					
Year-end Encumbrances				379,613	
Designated for Subsequent Year's Expenditures				573,655	
Unassigned				1,184,735	
				<u>3,390,017</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(661,431)	
Fund Balance per Governmental Funds GAAP				<u>\$ 2,728,586</u>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
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:					
Federal Sources	\$ 881,202	\$ -	\$ 881,202	\$ 881,202	\$ -
Local Sources	79,632	-	79,632	79,632	-
Total Revenues	<u>960,834</u>	<u>-</u>	<u>960,834</u>	<u>960,834</u>	<u>-</u>
EXPENDITURES:					
Instruction					
Salaries	188,902	-	188,902	188,902	-
Purchased Professional/Technical Services/Tuition	530,049	-	530,049	530,049	-
Other Purchased Services	7,232	-	7,232	7,232	-
General Supplies	161,649	-	161,649	161,649	-
Total Instruction	<u>887,832</u>	<u>-</u>	<u>887,832</u>	<u>887,832</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff					
Personal Service - Employee Benefit	14,451		14,451	14,451	-
Other Objects	58,551	-	58,551	58,551	-
Total Support Services	<u>73,002</u>	<u>-</u>	<u>73,002</u>	<u>73,002</u>	<u>-</u>
Total Expenditures	<u>\$ 960,834</u>	<u>\$ -</u>	<u>\$ 960,834</u>	<u>\$ 960,834</u>	<u>\$ -</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 40,717,767	\$ 960,834
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	870,830	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(661,431)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 40,927,166</u>	 <u>\$ 960,834</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 40,362,728</u>	<u>\$ 960,834</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 40,362,728</u>	 <u>\$ 960,834</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions on the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording these last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind		IDEA PART B			IDEA ARRA		Local Grants	Totals June 30, 2011
	Title II A	Title II A P/Y	Preschool	Basic	Basic P/Y	Preschool	Basic		
REVENUE:									
Federal Sources	\$ 14,324	\$ 16,547	\$ 26,982	\$ 573,243	\$ 6,794	\$ 7,127	\$ 236,185	\$ -	\$ 881,202
Local Sources	-	-	-	-	-	-	-	79,632	79,632
Total Revenue	<u>14,324</u>	<u>16,547</u>	<u>26,982</u>	<u>573,243</u>	<u>6,794</u>	<u>7,127</u>	<u>236,185</u>	<u>79,632</u>	<u>960,834</u>
EXPENDITURES:									
Instruction:									
Salaries	3,150	-	23,463	119,369		5,795	37,125	-	188,902
Purchased Professional/Technical Services	10,933	16,547	-	430,010	6,794	-	65,765	-	530,049
Other Purchased Services	-	-	-	7,232		-	-	-	7,232
General Supplies	-	-	1,724	7,500		889	71,904	79,632	161,649
Total Instruction	<u>14,083</u>	<u>16,547</u>	<u>25,187</u>	<u>564,111</u>	<u>6,794</u>	<u>6,684</u>	<u>174,794</u>	<u>79,632</u>	<u>887,832</u>
Support Services:									
Employee Benefits	241	-	1,795	9,132		443	2,840	-	14,451
Other Objects	-	-	-	-		-	58,551	-	58,551
Total Support Services	<u>241</u>	<u>-</u>	<u>1,795</u>	<u>9,132</u>	<u>-</u>	<u>443</u>	<u>61,391</u>	<u>-</u>	<u>73,002</u>
Total Expenditures	<u>\$ 14,324</u>	<u>\$ 16,547</u>	<u>\$ 26,982</u>	<u>\$ 573,243</u>	<u>\$ 6,794</u>	<u>\$ 7,127</u>	<u>\$ 236,185</u>	<u>\$ 79,632</u>	<u>\$ 960,834</u>

CAPITAL PROJECTS FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures and Other Financing Uses:	
Facilities Acquisition and Construction Services	<u>\$ 478,372</u>
Total Expenditures	478,372
(Deficit) of Revenue (Under) Expenditures	(478,372)
Fund Balance - Beginning of Year	<u>1,005,690</u>
Fund Balance - End of Year	<u><u>\$ 527,318</u></u>
Recapitulation:	
Fund Balance- Budgetary Basis	\$ 527,318
Less: SDA Grant Receivables not Recognized on a GAAP Basis	<u>(178,410)</u>
Fund Balance GAAP Basis	<u><u>\$ 348,908</u></u>

F-1a

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CONSTRUCTION OF CUCINELLA SCHOOL AND RENOVATIONS TO OTHER SCHOOLS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Sources - SDA Grant	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 6,871,136	\$ -	\$ 6,871,136	\$ 6,871,136
Bond Proceeds	19,228,864	-	19,228,864	19,228,864
Total Revenue and Other Financing Sources	26,100,000	-	26,100,000	26,100,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,475,282	-	2,475,282	4,434,000
Facilities Acquisition and Construction Services	22,851,208	(48,958)	22,802,250	20,316,000
Miscellaneous Costs	722,555	-	722,555	1,350,000
Total Expenditures and Other Financing Uses	26,049,045	(48,958)	26,000,087	26,100,000
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 50,955	\$ 48,958	\$ 99,913	\$ -0-

Additional Project Information:

Project Number:
Construction of Cuccinella School and
Renovations Various Schools 5520-n01-03-0432
Grant Date 6/25/2003
Bonds Authorized Date 3/11/2003
Bonds Authorized \$ 19,228,864
Bonds Issued 19,228,864
Original Authorized Cost 26,100,000
Revised Authorized Cost 26,100,000

Percentage Increase over Original
Authorized Cost 0.00%
Percentage Completion 100.00%
Original Target Completion Date 12/2/2005
Revised Target Completion Date 12/2/2005

F-1b

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LONG VALLEY MIDDLE SCHOOL FIRE ALARM PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 135,600	\$ -	\$ 135,600	\$ 135,600
Capital Outlay	203,400		203,400	203,400
Total Revenue and Other Financing Sources	339,000	-	339,000	339,000
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	192,400		192,400	339,000
Total Expenditures and Other Financing Uses	192,400	-	192,400	339,000
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 146,600	\$ -0-	\$ 146,600	\$ -0-

Additional Project Information:

Project Number:	
Grant Date	
Original Authorized Cost	339,000
Revised Authorized Cost	339,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	10/1/2009
Revised Target Completion Date	10/1/2009

F-1c

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
EXTERIOR DOOR PROJECT - VARIOUS SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 169,878	\$ -	\$ 169,878	\$ 169,878
Capital Reserve	254,814		254,814	254,814
Total Revenue and Other Financing Sources	424,692	-	424,692	424,692
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	-	388,335	388,335	424,692
Total Expenditures and Other Financing Uses	-	388,335	388,335	424,692
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 424,692	\$ (388,335)	\$ 36,357	\$ -0-

Additional Project Information:

Project Number:	5520-080-09-1005
Grant Date	6/15/2010
Original Authorized Cost	424,692
Revised Authorized Cost	424,692

Percentage Increase over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/1/2010
Revised Target Completion Date	2/1/2011

F-1d

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
INTERIOR LOCK PROJECT - VARIOUS SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 68,626	\$ -	\$ 68,626	\$ 68,626
Capital Reserve	102,940		102,940	102,940
Total Revenue and Other Financing Sources	171,566	-	171,566	171,566
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	-	138,995	138,995	171,566
Total Expenditures and Other Financing Uses	-	138,995	138,995	171,566
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 171,566	\$ (138,995)	\$ 32,571	\$ -0-

Additional Project Information:

Project Number:	5520-030-09-1011
Grant Date	6/15/2010
Original Authorized Cost	171,566
Revised Authorized Cost	171,566

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/1/2010
Revised Target Completion Date	5/1/2011

PROPRIETARY FUNDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents

Accounts Receivable:

State

970

Federal

5,890

Other

349

Inventories

6,467

Total Current Assets

13,676

Non-Current Assets:

Capital Assets

358,713

Less: Accumulated Depreciation

(296,790)

Total Non-Current Assets

61,923

Total Assets

75,599

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors

63,599

Deferred Revenue

3,498

Total Current Liabilities

67,097

NET ASSETS:

Investment in Capital Assets Net of Related Debt

61,923

Unrestricted/(Deficit)

(53,421)

Total Net Assets

\$ 8,502

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 626,875
Daily Sales - Non-Reimbursable Programs	<u>11,677</u>
Total Operating Revenue	<u>638,552</u>
Operating Expenses:	
Cost of Sales	575,756
Salaries, Benefits & Payroll Taxes	149,590
Professional and Technical Services	7,721
Repairs and Supplies	12,645
Depreciation Expense	<u>5,615</u>
Total Operating Expenses	<u>751,327</u>
Operating Loss	<u>(112,775)</u>
Non-Operating Income:	
State Sources	
State School Lunch Program	6,580
Federal Sources	
National School Lunch Program	60,576
Special Milk Program	1,256
Food Distribution Program	<u>45,164</u>
Total Non-Operating Income	<u>113,576</u>
Change in Net Assets	801
Net Assets - Beginning of Year	<u>7,701</u>
Net Assets - End of Year	<u><u>\$ 8,502</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 638,552
Payments to Employees/Benefits	(157,202)
Payments to Food Service Vendor	(521,176)
Payments to Suppliers	(20,367)
	<hr/>
Net Cash Used for Operating Activities	(60,193)
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(21,330)
	<hr/>
Net Cash Used for Capital Financing Activities	(21,330)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	65,890
	<hr/>
Net Cash Provided by Noncapital Financing Activities	65,890
Net Decrease in Cash and Cash Equivalents	(15,633)
Cash and Cash Equivalents, July 1	15,633
	<hr/>
Cash and Cash Equivalents, June 30	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (112,775)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Federal Food Distribution Program	45,164
Depreciation	5,615
Changes in Assets and Liabilities:	
Decrease in Inventory	1,089
Increase in Accounts Payable	3,739
(Decrease) in Deferred Revenue	(3,025)
	<hr/>
Net Cash Used for Operating Activities	<u>\$ (60,193)</u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$42,139 and used \$45,164 of commodities during the year.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Health Benefits</u>	<u>Transportation</u>	<u>Totals</u>
<u>ASSETS:</u>			
Current assets:			
Cash with fiscal agents	\$ 1,473,254	\$ -	\$ 1,473,254
Accounts receivable:			
Intergovernmental		17,628	17,628
Interfund	-	868,799	868,799
Total current assets	<u>1,473,254</u>	<u>886,427</u>	<u>2,359,681</u>
Non-current assets:			
Capital assets	-	3,760,850	3,760,850
Less: accumulated depreciation	-	<u>(2,784,353)</u>	<u>(2,784,353)</u>
Total non-current assets	<u>-</u>	<u>976,497</u>	<u>976,497</u>
Total assets	<u>1,473,254</u>	<u>1,862,924</u>	<u>3,336,178</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts payable - vendors	-	154,809	154,809
Estimated liability for health benefit claims	519,912	-	519,912
Total current liabilities	519,912	154,809	674,721
Leases payable	-	620,321	620,321
Total liabilities	<u>519,912</u>	<u>775,130</u>	<u>1,295,042</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	-	356,176	356,176
Unrestricted	953,342	731,618	1,684,960
Total net assets	<u>\$ 953,342</u>	<u>\$ 1,087,794</u>	<u>\$ 2,041,136</u>

Exhibit G-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Health Benefits	Transportation	Totals
Operating revenue:			
Local Sources:			
Charges and fees	\$ -	\$ 3,820,261	\$ 3,820,261
Assessments	5,320,879	-	5,320,879
Total operating revenue	5,320,879	3,820,261	9,141,140
Operating expenses:			
Salaries, benefits and payroll taxes	-	2,467,140	2,467,140
Professional and technical services	-	55,219	55,219
Maintenance	-	929,128	929,128
Supplies and materials	-	6,118	6,118
Interest Expense on Capital Leases	-	14,868	14,868
Depreciation	-	177,913	177,913
Provision for claims and claim adjustment expenses	4,906,467	-	4,906,467
Total operating expenses	4,906,467	3,650,386	8,556,853
Operating income	414,412	169,875	584,287
Change in net assets	414,412	169,875	584,287
Net assets - beginning of year	538,930	917,919	1,456,849
Net assets - end of year	\$ 953,342	\$ 1,087,794	\$ 2,041,136

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2011

	<u>Health Benefits</u>	<u>Transportation</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 5,320,879	\$ 3,919,872	\$ 9,240,751
Payments for health benefit claims and expenses	(4,948,519)	-	(4,948,519)
Payments to suppliers	-	(4,462,334)	(4,462,334)
Net cash provided/(used) by/(for) operating activities	<u>372,360</u>	<u>(542,462)</u>	<u>(170,102)</u>
Cash flows from capital and related financing activities:			
Capital lease payments	-	(224,184)	(224,184)
Net cash flows used for capital and related financing activities		<u>(224,184)</u>	<u>(224,184)</u>
Net increase/(decrease) in cash and cash equivalents	372,360	(766,646)	(394,286)
Cash and cash equivalents, July 1	<u>1,100,894</u>	<u>766,646</u>	<u>1,867,540</u>
Cash and cash equivalents, June 30	<u>\$ 1,473,254</u>	<u>\$ 0</u>	<u>\$ 1,473,254</u>
Reconciliation of operating income to net cash provided (used) by/(for) operating activities:			
Operating income	\$ 414,412	\$ 169,875	\$ 584,287
Adjustment to reconcile operating income/(loss) to cash provided by (used for) operating activities:			
Depreciation	-	177,913	177,913
Interest Expense on Capital Leases		14,868	14,868
Changes in assets and liabilities:			
(Increase)/decrease in interfund receivable		(856,238)	(856,238)
(Increase)/decrease in accounts receivable	-	87,050	87,050
Increase/(decrease) in accounts payable	-	(135,930)	(135,930)
Increase/(decrease) in estimated liability for health benefit claims	<u>(42,052)</u>	<u>-</u>	<u>(42,052)</u>
Net cash provided by/(used for) operating activities	<u>\$ 372,360</u>	<u>\$ (542,462)</u>	<u>\$ (170,102)</u>

FIDUCIARY FUNDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Agency			Total	Unemployment Compensation Trust
	Student Activity	Payroll	Flexible Spending		
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 34,050	\$ 154,619	\$ 1,877	\$ 190,546	\$ 622,840
Total Assets	34,050	154,619	1,877	190,546	622,840
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	-	154,619	1,877	156,496	-
	34,050	-	-	34,050	-
Total Liabilities	34,050	154,619	1,877	190,546	-
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims	-	-	-	-	622,840
Total Net Assets	\$ -	\$ -	\$ -	\$ -	\$ 622,840

Exhibit H-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 25,764
Total Additions	<u>25,764</u>
DEDUCTIONS:	
Unemployment Compensation Claims	<u>65,870</u>
Total Deductions	<u>65,870</u>
Change in Net Assets	(40,107)
Net Assets - Beginning of the Year	<u>662,946</u>
Net Assets - End of the Year	<u>\$ 622,839</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 49,403	\$ 392,038	\$ 407,390	\$ 34,050
Total Assets	<u>\$ 49,403</u>	<u>\$ 392,038</u>	<u>\$ 407,390</u>	<u>\$ 34,050</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 49,403	\$ 392,038	\$ 407,390	\$ 34,050
Total Liabilities	<u>\$ 49,403</u>	<u>\$ 392,038</u>	<u>\$ 407,390</u>	<u>\$ 34,050</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Schools:				
Long Valley Middle School	\$ 37,941	\$ 331,809	\$ 348,086	\$ 21,663
Flocktown Kossmann School	7,617	29,267	29,070	7,814
Old Farmers Road School	1,566	13,917	13,044	2,439
Cucinella School	2,280	17,044	17,190	2,134
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 49,403</u>	<u>\$ 392,038</u>	<u>\$ 407,390</u>	<u>\$ 34,050</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,685	\$ 40,016,872	\$ 39,871,938	\$ 154,619
Total Assets	<u>\$ 9,685</u>	<u>\$ 40,016,872</u>	<u>\$ 39,871,938</u>	<u>\$ 154,619</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 3,791	\$ 40,016,752	\$ 39,865,924	\$ 154,619
Interfund Payable	5,894	-	5,894	-
Total Liabilities	<u>\$ 9,685</u>	<u>\$ 40,016,752</u>	<u>\$ 39,871,818</u>	<u>\$ 154,619</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FLEXIBLE SPENDING AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,510	\$ 3,686	\$ 3,318	\$ 1,877
Total Assets	<u>\$ 1,510</u>	<u>\$ 3,686</u>	<u>\$ 3,318</u>	<u>\$ 1,877</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 1,510	\$ 3,686	\$ 3,318	\$ 1,877
Total Liabilities	<u>\$ 1,510</u>	<u>\$ 3,686</u>	<u>\$ 3,318</u>	<u>\$ 1,877</u>

LONG-TERM DEBT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2011		Interest Rate	Balance June 30, 2010	Issued	Defeased	Matured	Balance June 30, 2011
			Date	Amount						
New School Construction	7/15/2003	\$ 19,100,300	7/15/2011	\$ 880,000	3.500%	\$ 15,300,000	\$ -	\$ 11,705,000	\$ 850,000	\$ 2,745,000
			7/15/2012	915,000	3.650%					
			7/15/2013	950,000	4.000%					
Refunding of 2003 Bonds	8/15/2010	12,260,000	7/15/2011	70,000	2.000%		12,260,000			12,260,000
			7/15/2012	70,000	2.000%					
			7/15/2013	75,000	2.500%					
			7/15/2014	1,065,000	3.000%					
			7/15/2015	1,095,000	4.000%					
			7/15/2016	1,135,000	4.000%					
			7/15/2017	1,170,000	4.000%					
			7/15/2018	1,205,000	4.000%					
			7/15/2019	1,240,000	4.000%					
			7/15/2020	1,250,000	4.000%					
			7/15/2021	1,320,000	3.000%					
			7/15/2022	1,350,000	3.000%					
			7/15/2023	1,215,000	3.000%					
						\$ 15,300,000	\$ 12,260,000	\$ 11,705,000	\$ 850,000	\$ 15,005,000

Exhibit I-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2010</u>	<u>Matured</u>	<u>Balance June 30, 2011</u>
Computers	3.77%	\$ 551,269	\$ 216,077	\$ 142,702	\$ 73,375
Technology	2.75%	453,491	<u>339,684</u>	<u>110,165</u>	<u>229,519</u>
			<u>\$ 555,761</u>	<u>\$ 252,867</u>	<u>\$ 302,894</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
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	\$ 1,510,490	\$ -	\$ 1,510,490	\$ 1,510,490	
Total Revenue	<u>1,510,490</u>		<u>1,510,490</u>	<u>1,510,490</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	660,490		660,490	611,593	\$ 48,897
Redemption of Principal	850,000		850,000	850,000	
Total Regular Debt Service	<u>1,510,490</u>		<u>1,510,490</u>	<u>1,461,593</u>	<u>48,897</u>
Total Expenditures	<u>1,510,490</u>		<u>1,510,490</u>	<u>1,461,593</u>	<u>48,897</u>
Excess of Revenues Over Expenditures				<u>48,897</u>	<u>\$ 48,897</u>
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 48,897</u>	<u>\$ 48,897</u>
			Restricted for Debt Service	<u>\$ 48,897</u>	

STATISTICAL SECTION

This part of the School'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 School's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.</p>	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	\$ 17,003,345	\$ 23,203,751	\$ 24,044,173	\$ 28,844,793	\$ 29,547,500	\$ 29,820,731	\$ 30,857,372
Restricted	2,306,638	3,013,460	2,193,842	1,435,940	1,208,618	1,129,535	1,352,692
Assigned							1,250,395
Unrestricted	142,690	122,471	595,139	1,763,818	1,634,653	1,817,997	644,292
Total Governmental Activities Net Assets	<u>\$ 19,452,673</u>	<u>\$ 26,339,682</u>	<u>\$ 26,833,154</u>	<u>\$ 32,044,551</u>	<u>\$ 32,390,771</u>	<u>\$ 32,768,263</u>	<u>\$ 34,104,751</u>
Business-type Activities							
Invested in Capital Assets, Net of Related Debt	\$ 7,988	\$ 6,958	\$ 5,928	\$ 5,270	\$ 5,270	\$ 46,208	\$ 61,923
Unrestricted/(Deficit)	42,440	148,856	78,414	31,262	19,390	(38,507)	(53,421)
Total Business-type Activities Net Assets	<u>\$ 50,428</u>	<u>\$ 155,814</u>	<u>\$ 84,342</u>	<u>\$ 36,532</u>	<u>\$ 24,660</u>	<u>\$ 7,701</u>	<u>\$ 8,502</u>
District-wide							
Invested in Capital Assets, Net of Related Debt	\$ 17,011,333	\$ 23,210,709	\$ 24,050,101	\$ 28,850,063	\$ 29,552,770	\$ 29,866,939	\$ 30,919,295
Restricted	2,306,638	3,013,460	2,193,842	1,435,940	1,208,618	1,129,535	1,352,692
Assigned							1,250,395
Unrestricted	185,130	271,327	673,553	1,795,080	1,654,043	1,779,490	590,871
Total District Net Assets	<u>\$ 19,503,101</u>	<u>\$ 26,495,496</u>	<u>\$ 26,917,496</u>	<u>\$ 32,081,083</u>	<u>\$ 32,415,431</u>	<u>\$ 32,775,964</u>	<u>\$ 34,113,253</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS, LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 16,008,542	\$ 16,572,844	\$ 17,054,307	\$ 17,688,696	\$ 17,042,515	\$ 17,900,073	\$ 16,712,610
Special Education	3,614,137	3,842,737	4,204,788	4,371,942	4,623,113	4,817,967	5,632,970
Other Special Education	740,134	802,683	1,122,137	999,429	922,543	961,370	903,838
Other Instruction	158,499	140,563	172,415	174,735	171,935	201,790	165,596
Support Services:							
Tuition	841,338	956,291	1,109,851	1,420,506	1,791,074	1,459,238	1,208,991
Student & Instruction Related Services	4,426,732	5,023,525	5,754,136	6,020,895	7,074,509	7,393,373	6,637,865
General Administrative Services	1,175,840	966,842	915,318	970,440	1,082,930	1,125,046	866,972
School Administrative Services	1,586,315	1,610,872	1,815,731	1,833,956	1,855,950	2,081,896	1,507,199
Central Services	528,921	593,664	618,078	612,470	502,175	630,956	658,446
Technology Services			41,217	63,052	76,258	100,536	27,546
Plant Operations and Maintenance	2,323,760	2,695,541	3,540,834	3,689,805	3,887,870	3,258,174	3,580,476
Pupil Transportation	3,576,219	3,651,082	4,618,440	4,441,815	4,971,146	4,919,305	4,782,123
Interest on Long-term Debt	900,889	833,275	766,100	728,719	697,613	673,882	590,046
Transfer to Charter School			13,498	8,357	39,422	31,982	71,417
Unallocated	871	857	776	575,025	16,049		50,316
Total Governmental Activities Expenses	35,882,197	37,690,776	41,747,626	43,599,842	44,755,102	45,555,588	43,396,411
Business-type Activities:							
Food Service	573,350	532,717	679,399	686,917	690,077	724,900	751,327
Total Business-type Activities Expense	573,350	532,717	679,399	686,917	690,077	724,900	751,327
Total District Expenses	36,455,547	38,223,493	42,427,025	44,286,759	45,445,179	46,280,488	44,147,738
Program Revenues							
Governmental Activities:							
Charges for Services:							
Pupil Transportation	671,129	749,802	1,287,643	948,360	1,169,059	1,137,693	1,123,476
Operating Grants and Contributions	10,596,410	10,993,176	12,188,898	12,758,706	12,227,480	12,667,776	11,202,717
Capital Grants and Contributions	3,738,792	4,062,587					
Total Governmental Activities Program Revenues	15,006,331	15,805,565	13,476,541	13,707,066	13,396,539	13,805,469	12,326,193
Business-type Activities:							
Charges for Services							
Food Service	499,124	553,130	546,255	560,793	599,348	611,769	638,552
Operating Grants and Contributions	62,187	49,973	61,672	78,314	78,857	96,172	113,576
Total Business-type Activities Program Revenues	561,311	603,103	607,927	639,107	678,205	707,941	752,128
Total District Program Revenues	15,567,642	16,408,668	14,084,468	14,346,173	14,074,744	14,513,410	13,078,321
Net (Expense)/Revenue:							
Governmental Activities	(20,875,866)	(21,885,211)	(28,271,085)	(29,892,776)	(31,358,563)	(31,750,119)	(31,070,218)
Business-type Activities	(12,039)	70,386	(71,472)	(47,810)	(11,872)	(16,959)	801
Total District-wide Net Expense	(20,887,905)	(21,814,825)	(28,342,557)	(29,940,586)	(31,370,435)	(31,767,078)	(31,069,417)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	23,748,759	26,402,459	26,744,883	29,346,843	29,854,882	30,279,036	30,487,832
Taxes Levied for Debt Service	1,222,942	2,050,328	1,505,937	1,508,656	1,504,050	1,501,120	1,510,490
Unrestricted Grants and Contributions	53,809	50,866				135,600	210,932
Adjustment to Fixed Asset Appraisal Report				4,018,937			
Miscellaneous Income	616,860	303,567	513,737	229,737	345,851	211,855	197,452
Transfers	(45,000)	(35,000)					
Total Governmental Activities	25,597,370	28,772,220	28,764,557	35,104,173	31,704,783	32,127,611	32,406,706
Business-type Activities:							
Transfers	45,000	35,000					
Total Business-type Activities	45,000	35,000					
Total District-wide	25,642,370	28,807,220	28,764,557	35,104,173	31,704,783	32,127,611	32,406,706
Change in Net Assets:							
Governmental Activities	4,721,504	6,887,009	493,472	5,211,397	346,220	377,492	1,336,488
Business-type Activities	32,961	105,386	(71,472)	(47,810)	(11,872)	(16,959)	801
Total District	\$ 4,754,465	\$ 6,992,395	\$ 422,000	\$ -5,163,587	\$ 334,348	\$ 360,533	\$ 1,337,289

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved/Restricted	\$ 2,526,502	\$ 2,663,296	\$ 1,893,245	\$ 1,123,221	\$ 1,111,624	\$ 748,355	\$ 1,825,669
Assigned							379,613
Unassigned							523,304
Unreserved	421,630	475,771	485,888	2,022,580	1,850,122	1,415,793	
Total General Fund	<u>\$ 2,948,132</u>	<u>\$ 3,139,067</u>	<u>\$ 2,379,133</u>	<u>\$ 3,145,801</u>	<u>\$ 2,961,746</u>	<u>\$ 2,164,148</u>	<u>\$ 2,728,586</u>
All Other Governmental Funds							
Reserved	\$ 10,467,389	\$ 2					
Unreserved, Reported in:							
Capital Projects Fund/(Deficit)	(1,770,181)	350,162	\$ 300,596	\$ 312,718	\$ 96,994	\$ 550,775	\$ 348,908
Debt Service Fund	2		1	1	-	-	48,897
Total All Other Governmental Funds	<u>\$ 8,697,210</u>	<u>\$ 350,164</u>	<u>\$ 300,597</u>	<u>\$ 312,719</u>	<u>\$ 96,994</u>	<u>\$ 550,775</u>	<u>\$ 397,805</u>
Total All Funds	<u>\$ 11,645,342</u>	<u>\$ 3,489,231</u>	<u>\$ 2,679,730</u>	<u>\$ 3,458,520</u>	<u>\$ 3,058,740</u>	<u>\$ 2,714,923</u>	<u>\$ 3,126,391</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues							
Tax Levy	\$ 24,971,701	\$ 28,452,787	\$ 28,250,820	\$ 30,855,499	\$ 31,358,932	\$ 31,780,156	\$ 31,998,322
Miscellaneous	588,967	294,752	513,737	266,789	417,541	252,103	277,084
State Sources	13,782,351	14,463,777	11,604,842	11,988,033	11,526,107	10,754,649	10,452,814
Federal Sources	606,660	642,852	584,056	733,621	629,683	2,008,480	881,202
Total Revenue	<u>39,949,679</u>	<u>43,854,168</u>	<u>40,953,455</u>	<u>43,843,942</u>	<u>43,932,263</u>	<u>44,795,388</u>	<u>43,609,422</u>
Expenditures							
Instruction							
Regular Instruction	12,061,794	12,647,828	12,672,816	12,987,762	12,596,892	13,155,847	12,231,631
Special Education Instruction	2,467,730	2,699,245	3,053,436	3,108,938	3,411,229	3,502,882	4,413,320
Other Special Instruction	668,398	731,131	805,093	707,383	668,059	687,152	642,785
Other Instruction	158,499	140,563	127,879	127,450	128,516	145,636	120,880
Support Services:							
Tuition	841,338	956,291	1,109,851	1,420,506	1,791,074	1,459,238	1,208,991
Student & Instruction Related Services	3,475,948	4,075,444	4,362,698	4,506,142	5,019,833	5,228,658	4,617,999
General Administrative Services	955,570	747,211	770,436	780,805	931,443	966,530	700,404
School Administrative Services	1,158,456	1,185,938	1,316,825	1,278,486	1,352,628	1,352,817	1,260,703
Central Services	385,035	448,285	447,541	444,081	444,858	459,732	484,449
Technology Services			41,217	45,511	59,292	82,219	27,546
Plant Operations and Maintenance	1,967,027	2,339,693	2,984,111	3,076,444	3,235,247	3,036,578	2,915,731
Pupil Transportation	2,992,947	2,883,877	3,328,837	3,377,858	3,831,386	3,428,405	3,288,598
Unallocated Benefits	7,061,651	7,918,766	9,852,868	10,123,134	9,189,626	9,680,503	9,272,562
Transfer to Charter Schools			13,498	8,357	39,422	31,982	71,417
Capital Outlay	12,636,349	13,799,813	405,229	1,362,697	884,032	354,333	544,918
Debt Service:							
Principal	550,000	1,261,800	727,600	767,700	794,200	815,000	850,000
Interest and Other Charges	907,008	839,394	778,338	740,956	709,851	686,120	611,593
Total Expenditures	<u>48,287,750</u>	<u>52,675,279</u>	<u>42,798,273</u>	<u>44,864,210</u>	<u>45,087,588</u>	<u>45,073,632</u>	<u>43,263,527</u>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	<u>(8,338,071)</u>	<u>(8,821,111)</u>	<u>(1,844,818)</u>	<u>(1,020,268)</u>	<u>(1,155,325)</u>	<u>(278,244)</u>	<u>345,895</u>
Other Financing Sources (Uses)							
Transfers In	1,190,320	2,000,284	1,046,493	1,247,789	971,272	561,154	-
Transfers Out	(635,320)	(1,335,284)	(11,176)	-	(215,727)	(561,154)	-
Capital Leases (Non-budgeted)				5,511,269			
Total Other Financing Sources (Uses)	<u>555,000</u>	<u>665,000</u>	<u>1,035,317</u>	<u>6,759,058</u>	<u>755,545</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (7,783,071)</u>	<u>\$ (8,156,111)</u>	<u>\$ (809,501)</u>	<u>\$ 5,738,790</u>	<u>\$ (399,780)</u>	<u>\$ (278,244)</u>	<u>\$ 345,895</u>
Debt Service as a Percentage of							
Noncapital Expenditures	4.3%	5.7%	3.7%	3.6%	3.5%	3.5%	3.5%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

Exhibit J-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals- Use</u> <u>of Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 89,369	\$ 41,472		\$ 32,406	\$ 163,247
2003	49,328	43,741		10,823	103,892
2004	29,660	61,108		63,109	153,877
2005	74,186	63,546		166,327	304,059
2006	103,072	41,746		52,590	197,408
2007	117,291	30,645	\$ 21,120	161,879	330,935
2008	59,284	42,428	45,338	69,455	216,505
2009	12,530	40,477	177,804	115,037	345,848
2010	10,838	30,680	123,387	21,914	186,819
2011	6,234	20,975	26,888	143,355	197,452

Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST SEVEN YEARS
UNAUDITED

As of January 1,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	School Tax Rate ^b	(County Equalized Value)
2005	\$ 33,965,000	\$ 1,459,046,400	\$ 65,127,600	\$ 4,287,500	\$ 54,665,900	\$ 24,463,800	\$ 21,625,100	\$ 1,663,181,300	\$ 127,854,000	\$ 3,062,777	\$ 1,666,244,077	\$ 1.59	\$ 2,622,354,777
2006	31,758,300	1,489,298,800	66,290,600	4,286,600	53,262,800	24,780,800	20,609,900	1,690,287,800	129,578,500	2,743,685	1,693,031,485	1.68	2,905,768,742
2007	26,385,200	1,518,906,600	69,614,900	4,218,000	56,861,500	22,597,500	20,332,800	1,718,916,500	221,552,000	2,487,616	1,721,404,116	1.72	3,261,008,519
2008*	61,154,900	2,824,089,600	131,760,300	4,264,200	113,518,400	38,803,500	43,258,300	3,216,849,200	263,564,200	4,703,377	3,221,552,577	0.97	3,372,634,572
2009	54,480,100	2,841,182,400	130,062,400	4,154,100	132,149,800	38,803,500	43,258,300	3,244,090,600	266,814,300	4,241,728	3,248,332,328	0.97	3,380,843,416
2010**	38,072,900	2,462,010,400	113,484,900	4,137,400	126,955,200	34,966,600	36,148,000	2,815,775,400	243,749,600	4,740,622	2,820,516,022	1.13	3,313,749,445
2011	36,687,200	2,467,409,800	115,743,900	4,396,700	125,513,400	34,966,600	35,481,100	2,820,198,700	244,640,300	4,384,292	2,824,582,992	1.14	3,152,132,846

*Year in which revaluation became effective.
 **Year in which a reassessment was done.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

WASHINGTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Washington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Washington Township	Morris County	
2001	\$ 1.24	\$ 0.04	\$ 1.28	\$ 0.47	\$ 0.33	\$ 2.08
2002	1.28	0.04	1.32	0.47	0.35	2.14
2003	1.32	0.06	1.38	0.48	0.39	2.25
2004	1.43	0.07	1.50	0.49	0.40	2.39
2005	1.48	0.11	1.59	0.42	0.54	2.55
2006	1.59	0.09	1.68	0.56	0.43	2.67
2007	1.64	0.08	1.72	0.58	0.45	2.75
2008*	0.92	0.05	0.97	0.32	0.24	1.53
2009	0.93	0.05	0.97	0.33	0.24	1.54
2010**	1.08	0.05	1.13	0.40	0.27	1.80

* - Property revaluation effective in this year.

** - Reassessment was done in this year.

Source: Municipal Tax Collector and School Business Administrator

Note:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2011		Taxpayer	2002	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Heath Village	\$ 21,761,200	0.77%	Heath Village	\$ 14,164,100	0.91%
Target Corporation	15,900,000	0.56%	Peachtree Village	6,850,000	0.44%
2085 Realty Partners LLC	12,225,800	0.43%	Kings Hwy Invest Co	6,849,400	0.44%
Peachtree Village	10,250,000	0.36%	Individual Taxpayer	5,513,400	0.35%
Transistor Devices	7,605,500	0.27%	Great Atlantic and Pacific Tea Co.	5,500,000	0.35%
Kings Hwy Invest Co	7,399,000	0.26%	APGM Limited Partnership	3,911,200	0.25%
Amerace ESNA Corp	6,178,400	0.22%	Transistor Devices	3,900,000	0.25%
Columbia Gas Transmission	5,872,300	0.21%	Amerace ESNA Corp	3,600,000	0.23%
Regency at Long Valley	5,543,400	0.20%	Columbia Gas Transmission	3,481,000	0.22%
Long Valley Village	5,500,000	0.19%	United Telephone	3,015,693	0.19%
Total	\$ 76,474,400	3.48%		\$ 56,784,793	3.63%

Source: Municipal Tax Assessor

Note- There was a revaluation for the Township in 2008.

Exhibit J-9

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 19,312,267	\$ 19,312,267	100.00%	-0-
2003	20,557,285	20,557,285	100.00%	-0-
2004	22,219,036	22,219,036	100.00%	-0-
2005	24,637,793	24,637,793	100.00%	-0-
2006	28,452,787	28,452,787	100.00%	-0-
2007	28,452,787	28,452,787	100.00%	-0-
2008	30,855,499	30,855,499	100.00%	-0-
2009	31,358,932	31,358,932	100.00%	-0-
2010	31,780,156	31,780,156	100.00%	-0-
2011	31,998,322	31,998,322	100.00%	-0-

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2002	\$ 2,166,000		\$ 1,166,945	\$ 3,332,945	0.33%	\$ 183.66
2003	1,666,000		1,147,361	2,813,361	0.27%	154.02
2004	20,216,300		717,802	20,934,102	1.86%	1,134.33
2005	19,666,300		787,614	20,453,914	1.73%	1,100.15
2006	18,404,500		473,739	18,878,239	1.49%	1,010.02
2007	17,676,900		558,186	18,235,086	1.46%	987.33
2008	16,909,200		846,058	17,755,258	1.42%	961.35
2009	16,115,000		773,828	16,888,828	1.28%	918.52
2010	15,300,000		1,051,705	16,351,705	1.23%	885.36
2011	15,005,000		928,970	15,933,970	1.27%	869.00

Source: School District Financial Reports

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

- a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2002	\$ 2,166,000		\$ 2,166,000	N/A	\$ 119.36
2003	1,666,000		1,666,000	N/A	91.21
2004	20,216,300		20,216,300	N/A	1,095.44
2005	19,666,300		19,666,300	N/A	1,057.78
2006	18,404,500		18,404,500	1.105%	984.67
2007	17,676,900		17,676,900	1.044%	957.11
2008	16,909,200		16,909,200	0.982%	915.54
2009	16,115,000		16,115,000	0.500%	876.43
2010	15,300,000		15,300,000	0.471%	828.42
2011	15,005,000		15,005,000	0.532%	818.34

N/A : Information Not Available

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Washington Township	\$ 10,587,043	100.00%	\$ 10,587,043
Morris County General Obligation Debt	249,234,104	3.32%	<u>8,287,018</u>
Subtotal, overlapping debt			18,874,061
Washington Township School District Direct Debt			<u>15,933,970</u>
Total direct and overlapping debt			<u>\$ 34,808,031</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis
	2010 \$ 3,137,354,206
	2009 3,297,175,119
	2008 <u>3,342,528,263</u>
	<u>\$ 9,777,057,588</u>
Average equalized valuation of taxable property	<u>\$ 3,259,019,196</u>
Debt limit (3% of average equalization value)	97,770,576 ^a
Net bonded school debt	<u>15,005,000</u>
Legal debt margin	<u>\$ 82,765,576</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 48,620,053	\$ 54,062,628	\$ 61,092,278	\$ 68,819,805	\$ 77,086,253	\$ 86,118,573	\$ 92,218,734	\$ 98,661,977	\$ 99,644,935	\$ 97,770,576
Total net debt applicable to limit	<u>2,166,000</u>	<u>26,766,000</u>	<u>20,216,300</u>	<u>19,666,300</u>	<u>18,404,500</u>	<u>17,676,900</u>	<u>16,909,200</u>	<u>15,005,000</u>	<u>15,300,000</u>	<u>15,005,000</u>
Legal debt margin	<u>\$ 46,454,053</u>	<u>\$ 27,296,628</u>	<u>\$ 40,875,978</u>	<u>\$ 49,153,505</u>	<u>\$ 58,681,753</u>	<u>\$ 68,441,673</u>	<u>\$ 75,309,534</u>	<u>\$ 83,656,977</u>	<u>\$ 84,344,935</u>	<u>\$ 82,765,576</u>
Total net debt applicable to the limit as a percentage of debt limit	4.45%	49.51%	33.09%	28.58%	23.88%	20.53%	18.34%	15.21%	15.35%	15.35%

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 8 district; other % limits would be applicable for other districts

Exhibit J-14

WASHINGTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income (a*b)	Township Unemployment Rate ^d
2001	17,927	\$ 56,551	\$ 1,013,789,777	2.40%
2002	18,147	55,984	1,015,941,648	3.80%
2003	18,266	56,415	1,030,476,390	3.70%
2004	18,455	60,823	1,122,488,465	3.00%
2005	18,592	63,605	1,182,544,160	3.10%
2006	18,691	67,788	1,267,025,508	3.20%
2007	18,469	67,788	1,251,976,572	2.90%
2008	18,387	71,713	1,318,586,931	3.90%
2009	18,469	71,812	1,326,295,828	6.60%
2010	18,336	68,251	1,251,450,336	6.70%

Source:

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

^b Personal Income by county from the Bureau of Economic Analysis

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2011		Employer	2002	
	Employees	Percentage Total		Employees	Percentage Total
Atlantic Health	6,300	2.47%	Lucent Technologies	6,300	2.48%
Picatinny Arsenal	3,575	1.40%	AT&T	5,150	2.03%
Novartis	3,573	1.40%	Atlantic Health Systems	4,097	1.61%
Quest Diagnostics	2,978	1.17%	Northwest Covenant	3,652	1.44%
Securitas	2,602	1.02%	Picatinny Arsenal	3,100	1.22%
St Clare's	2,342	0.92%	Warner Lambert Company	3,020	1.19%
County of Morris	2,126	0.83%	Morris County	2,837	1.12%
Kings Super Markets	2,094	0.82%	BASF Corporation	2,600	1.02%
ADP	2,019	0.79%	Novartis Corporation	2,500	0.98%
UPS	1,941	0.76%	Nabisco	2,200	0.87%
AT&T	1,500	0.59%	Bear Stearns	2,100	0.83%
Honeywell	1,500	0.59%	Exxon	1,650	0.65%
Wyndham Worldwide	1,395	0.55%	Bell Atlantic	1,600	0.63%
Avis Budget Group	1,378	0.54%	Allied Signal	1,550	0.61%
BASF	1,315	0.52%	American Home Products	1,400	0.55%
	<u>36,638</u>	<u>14.38%</u>		<u>43,756</u>	<u>17.23%</u>
Total Employment *	<u>254,700</u>		Total Employment *	<u>254,319</u>	

* Employment data provided by NJ Dept of Labor and Workforce Development

Source: Morris County Economic Development Corp(www.morriscountyedc.org) - Corporate Community

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	156	184	186	180	182	160
Special education	47	72	97	97	99	98
Other special education	10	9	9	9	9	15
Support Services:						
Student & instruction related services	41	46	24	24	20	20
School administrative services	19	19	19	19	20	18
General administrative services	9	7	3	3	7	7
Plant operations and maintenance	20	29	28	28	26	26
Pupil transportation	37	41	41	42	42	38
Business and other support services	7	7	7	7	7	7
Food Service	2	4	4	4	4	4
Total	<u>348</u>	<u>418</u>	<u>418</u>	<u>413</u>	<u>416</u>	<u>394</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2006	2,947	\$ 36,774,272	\$ 12,479	7.04%	236	1:17	1:16	2,916	2,796	NA	95.88%
2007	2,948	40,887,106	13,869	11.15%	244	1:13	1:12	2,901	2,788	-0.51%	96.10%
2008	2,900	41,992,857	14,480	4.40%	247	1:13	1:12	2,875	2,753	-0.90%	95.76%
2009	2,878	42,699,505	14,837	2.46%	245	1:13	1:12	2,825	2,704	-1.74%	95.72%
2010	2,770	43,218,179	15,602	5.16%	235	1:13	1:12	2,738	2,615	-3.08%	95.51%
2011	2,687	41,257,016	15,354	-1.59%	230	1:13	1:12	2,660	2,543	-2.85%	95.60%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Sources: Washington Township School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Flocktown-Kossmann School (1969-1979)					
Square Feet	73,550	73,550	73,550	73,550	73,550
Capacity (students)	600	600	600	600	600
Enrollment	658	633	629	601	576
Old Farmers School (1969)					
Square Feet	46,140	46,140	46,140	46,140	46,140
Capacity (students)	396	396	396	396	396
Enrollment	455	460	461	457	430
Long Valley Middle School North and South (1949)					
Square Feet	128,105	128,105	128,105	128,105	128,105
Capacity (students)	1,190	1,190	1,190	1,190	1,190
Enrollment	1,051	1,041	1,030	1010	996
Cucinella School (2006)					
Square Feet	98,541	98,541	98,541	98,541	98,541
Capacity (students)	748	748	748	748	748
Enrollment	749	728	717	672	653
Administration Building (1954)					
Square Feet	4,730	4,730	4,730	4,730	4,730

Number of Schools at June 30, 2011

 Elementary = 3

 Middle School = 1

 High School = 0

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Washington Township School District Facilities Office

Note: Year of original construction is shown in parentheses.

 Enrollment is based on the annual October district count.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST EIGHT FISCAL YEARS
UNAUDITED

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

School Facilities	Projects #	Fiscal Year Ended June 30,							
		2004	2005	2006	2007	2008	2009	2010	2011
Board of Education	N/A	\$ 9,678	\$ 5,805	\$ 4,430	\$ 4,663	\$ 3,821	\$ 3,689	\$ 3,225	\$ 2,835
Flocktown Road School	N/A	33,754	38,137	36,302	43,423	-	-	-	-
Kossmann School	N/A	30,577	44,173	41,017	45,324	-	-	-	-
Flocktown-Kossmann School	N/A	-	-	-	-	87,063	71,429	106,494	81,278
Old Farmers School	N/A	62,091	49,034	70,420	68,623	55,231	56,938	59,303	53,479
Long Valley Middle School	N/A	117,003	144,376	148,427	182,155	147,225	194,077	143,397	129,677
Cucinella School	N/A				45,640	103,090	104,477	94,337	80,235
Total		\$ 253,103	\$ 281,525	\$ 300,596	\$ 389,828	\$ 396,431	\$ 430,610	\$ 406,757	\$ 347,505

This schedule does not provide ten years of information as the State Department of Education required the information beginning with the fiscal year ended June 30, 2004.
 In fiscal year 2008, Flocktown Road School and Kossmann School were combined into one reporting location.
 Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
American Zurich Insurance Company		
Property - Blanket Building and Contents	\$ 85,504,351	\$ 1,000
Commercial General Liability	1,000,000	-
Comprehensive Automotive Liability	1,000,000	1,000
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Comprehensive Crime Coverage, Forgery or Alteration	50,000	1,000
Comprehensive Crime, Computer Fraud	50,000	1,000
Computer and Scheduled Equipment - American Zurich Insurance Company		
EDP	3,000,000	1,000
Mobile Equipment	10,000	1,000
Cameras, Musical Instruments	250,000	1,000
Boiler and Machinery - American Zurich Insurance Company		
Property Damage	30,000,000	1,000
Umbrella Liability		
Umbrella Policy - American Guarantee & Liability Insurance Company	10,000,000	10,000
Excess Liability - Firemans' Fund Insurance Company	50,000,000	
School Board Legal Liability - Northern Insurance Company of NY		
Educator's Legal Liability	1,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond		
Treasurer of School Monies	260,000	-
Board Secretary	10,000	-
Special Risks		
Flood/Earthquake - American Zurich Insurance Company		
Per Property Limit Flood		25,000
Per Property Limit Earthquake		5,000
Volunteers - Chubb	5,000	
Environmental - American Zurich Insurance Company	1,000,000	5,000

Source: Washington Township School District Records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
 Government Auditing Standards

The Honorable President and Members
 of the Board of Education
 Washington Township School District
 Long Valley, 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 Board of Education of the Washington Township School District, in the County of Morris (the "Board") as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

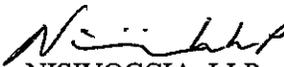
The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 Department.

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

November 18, 2011
Mount Arlington, New Jersey


NISIVOCIA LLP



Francis L. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



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Independent Auditors' 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's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Washington Township School District
 Long Valley, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Washington Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

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

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

Internal Control Over Compliance

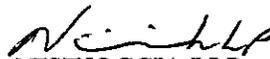
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our 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 the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 members of the Board of Education, and to meet the requirements for filing with 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.

November 18, 2011
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance Deferred Revenue/ (Accounts Receivable) 6/30/10	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Adjustments	Balance 6/30/11		Due to Grantor 6/30/11
											Accounts Receivable	Deferred Revenue	
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.550	N/A	7/1/10-6/30/11	42,139	\$ -	\$ -	\$ 42,139	\$ (38,641)	\$ -	\$ -	\$ -	\$ 3,498	\$ -
Federal Food Distribution Program	10.550	N/A	7/1/09-6/30/10	38,384	6,523	-	-	(6,523)	-	-	-	-	-
Total Food Distribution					6,523	-	42,139	(45,164)	-	-	-	3,498	-
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	60,576	-	-	54,811	(60,576)	-	-	5,765	-	-
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	51,536	(4,082)	-	4,082	-	-	-	-	-	-
Special Milk Program	10.556	N/A	7/1/10-6/30/11	1,256	-	-	1,131	(1,256)	-	-	125	-	-
Special Milk Program	10.556	N/A	7/1/09-6/30/10	1,470	(111)	-	111	-	-	-	-	-	-
Total Child Nutrition Cluster					(4,193)	-	60,135	(61,832)	-	-	5,890	-	-
Total U.S. Department of Agriculture					2,330	-	102,274	(106,996)	-	-	5,890	3,498	-
U.S. Department of Education													
Passed-through State Department of Education:													
No Child Left Behind:													
Title II A	84.278A	NCLB552011	9/1/10-8/31/11	43,393	-	-	23,171	(14,324)	-	-	-	8,847	-
Title II A	84.278A	NCLB552010	9/1/09-8/31/10	42,812	(26,265)	-	42,812	(16,547)	-	-	-	-	-
Total Title II A					(26,265)	-	65,983	(30,871)	-	-	-	8,847	-
Title IV	84.186A	NCLB552010	9/1/09-8/31/10	8,351	(8,351)	-	8,351	-	-	-	-	-	-
Total Title IV					(8,351)	-	8,351	-	-	-	-	-	-
Total NCLB					(34,616)	-	74,334	(30,871)	-	-	-	8,847	-
Special Education Cluster													
LD.E.A. Part B, Preschool	84.173	PS-5520-11	9/1/10-8/31/11	26,982	-	-	26,982	(26,982)	-	-	-	-	-
LD.E.A. Part B, Preschool	84.173	PS-5520-10	9/1/09-8/31/10	26,265	(5,844)	-	5,844	-	-	-	-	-	-
LD.E.A. Part B, Basic	84.027	FT-5520-11	9/1/10-8/31/11	573,273	-	-	573,205	(573,243)	-	-	38	-	-
LD.E.A. Part B, Basic	84.027	FT-5520-10	9/1/09-8/31/10	577,473	(95,384)	-	102,178	(6,794)	-	-	-	-	-
ARRA - Basic	84.391	ARRA-5520-10	7/1/09-8/31/11	583,505	-	-	260,939	(236,185)	-	-	-	24,754	-
ARRA - Preschool	84.392	ARRA-5520-10	7/1/09-8/31/11	56,265	6,831	-	296	(7,127)	-	-	-	-	-
Total Special Education Cluster					(94,397)	-	969,444	(850,331)	-	-	38	24,754	-
Total U.S. Department of Education					(129,013)	-	1,043,778	(881,202)	-	-	38	33,601	-
Total Federal Awards					\$ (126,683)	\$ -	\$ 1,146,052	\$ (988,198)	\$ -	\$ -	\$ 5,928	\$ 37,099	\$ -

N/A: Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/11		Memo		Cumulative Total Expenditures
				Deferred Revenue/ (Accounts Receivable) 06/30/10				GAAP Accounts Receivable	Deferred Revenue	Budgetary Receivable	Due Back to Grantor	
NJ Department of Education:												
General Fund:												
Categorical Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	\$ 806,753	\$ (94,796)	\$ 94,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Categorical Special Education Aid	10-495-034-5120-011	7/1/09 - 6/30/10	1,616,609	(189,956)	189,956	-	-	-	-	-	-	-
Categorical Special Education Aid	11-495-034-5120-011	7/1/10 - 6/30/11	1,544,760	-	1,393,549	(1,544,760)	-	-	-	151,211	-	-
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	4,775,420	(561,125)	561,125	-	-	-	-	-	-	-
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	5,212,373	-	4,702,153	(5,212,373)	-	-	-	510,220	-	-
Categorical Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	212,370	(24,954)	24,954	-	-	-	-	-	-	-
Non-Public Transportation Aid	N/A	7/1/09 - 6/30/10	12,262	(12,262)	12,262	-	-	-	-	-	-	-
Non-Public Transportation Aid	N/A	7/1/10 - 6/30/11	12,897	-	-	(12,897)	-	12,897	-	-	-	-
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	661,419	-	-	(661,419)	-	661,419	-	661,419	-	-
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	490,590	(490,590)	490,590	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	1,339,150	-	1,339,123	(1,339,150)	-	27	-	27	-	-
Total General Fund				(1,373,683)	8,808,508	(8,770,599)	-	674,343	-	1,335,774	-	-
Special Revenue Fund:												
Non-Public Nursing Aid	10-100-034-5120-070	7/1/09-6/30/10	772	772	-	-	772	-	-	-	-	-
Non-Public Textbook Aid	10-100-034-5120-066	7/1/09-6/30/10	651	651	-	-	651	-	-	-	-	-
Total Special Revenue Fund			651	1,423	-	-	1,423	-	-	-	-	-
Total NJ Department of Education				(1,372,260)	8,808,508	(8,770,599)	1,423	674,343	-	1,335,774	-	-
New Jersey Department of Agriculture:												
Food Service Fund:												
National School Lunch Program (State Share)	11-100-010-3350-023	7/1/10- 6/30/11	6,580	-	5,610	(6,580)	-	970	-	970	-	-
National School Lunch Program (State Share)	10-100-010-3350-023	7/1/09- 6/30/10	6,200	(493)	493	-	-	-	-	-	-	-
Total NJ Department of Agriculture				(493)	6,103	(6,580)	-	970	-	970	-	-
NJ School Construction Corporation:												
Capital Projects Fund:												
Educational Facilities Construction and Financing	5520-n-01-03-0432,5520-035-03-0450, 5520-030-03-1391, 5520-030-03-0433	7/1/03-6/30/07	6,871,136	(3,579,018)	-	-	-	-	-	3,579,018	-	6,871,136
Roof Project Middle School	5520-035-02-0779	7/1/04-6/30/07	194,356	(5,310)	-	-	-	-	-	5,310	-	194,356
Asbestos Removal Middle School	5520-035-03-0772	7/1/04-6/30/07	179,120	(29,892)	-	-	-	-	-	29,892	-	146,659
Telephone/Intercom Flocktown	N/A	7/1/05-6/30/07	24,640	(5,671)	-	-	-	-	-	5,671	-	18,969
Telephone/Intercom Old Farmers	N/A	7/1/05-6/30/07	22,100	(2,234)	-	-	-	-	-	2,234	-	8,840
Telephone/Intercom Kossman	N/A	7/1/05-6/30/07	19,800	(1,504)	-	-	-	-	-	1,504	-	18,296
Telephone/Intercom Middle School	N/A	7/1/05-6/30/07	58,080	(5,295)	-	-	-	-	-	5,295	-	23,232
Roof Replacement Middle School	5520-035-05-1000	7/1/05-6/30/07	510,416	(45,088)	-	-	-	-	-	45,088	-	186,131
Roof Replacement Kossman	5520-080-05-2000	7/1/05-6/30/07	148,000	(24,434)	-	-	-	-	-	24,434	-	59,200
Asbestos Abatement Kossman	5520-040-05-1000	7/1/05-6/30/07	62,400	(31,410)	-	-	-	-	-	31,410	-	30,990
Fire Alarm Project Middle School	5520-035-09-1001	7/1/09-6/30/10	135,600	(6,560)	-	-	-	-	-	6,560	-	76,960
Exterior Door Project, various schools		7/1/10-6/30/2011	155,334	-	14,793	(155,334)	-	-	-	140,541	-	155,334
Interior Lock Project, various schools		7/1/10-6/30/2011	68,626	-	-	(55,598)	-	-	-	55,598	-	55,598
Total School Construction Corporation				(3,736,416)	14,793	(210,932)	-	-	-	3,932,555	-	7,845,702
Total State Awards				\$ (5,109,169)	\$ 8,829,404	\$ (8,988,111)	\$ 1,423	\$ 675,313	\$ -0-	\$ 5,269,299	\$ -0-	\$ 7,845,702

N/A Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Washington Township Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because these schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting, with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on grant expenditures, and when funds are submitted for reimbursement.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$209,399 for the general fund, and \$(178,410) for the capital projects fund. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions of \$56,739 and \$1,205,145 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 10,241,882	\$10,241,882
Special Revenue Fund	\$ 881,202		881,202
Capital Projects Fund		201,932	201,932
Food Service Fund	106,996	6,580	113,576
Total Awards	<u>\$ 988,198</u>	<u>\$10,450,394</u>	<u>\$11,438,592</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2011. Revenue and expenditures reported under the Food Distribution program represent current year value received and current year distributions respectively.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular Letter A-133 or New Jersey OMB Circular Letter NJOMB 04-04.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Categorical Special Education Aid	11-495-034-5120-011	7/1/10-6/30/11	\$ 1,544,760	\$ 1,544,760
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	5,212,273	5,212,273
Categorical Security Aid	11-495-034-5120-084	7/1/10-6/30/11	661,419	661,419
<u>Federal:</u>				
IDEA Part B, Basic	84.027	9/1/10-8/31/11	573,273	573,243
IDEA Part B, Basic	84.027	9/1/09-8/31/10	577,473	6,794
IDEA Part B, Preschool	84.173	9/1/10-8/31/11	26,982	26,982
IDEA ARRA Basic	84.391	7/1/09-8/31/11	583,505	236,185
IDEA ARRA Preschool	84.392	7/1/09-8/31/11	56,265	7,127

- The threshold for distinguishing Type A and Type B programs was \$300,000 for federal programs and \$300,000 for state programs.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Federal Circular.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The District had no prior year audit findings.