

**READINGTON TOWNSHIP**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**READINGTON TOWNSHIP BOARD OF EDUCATION  
READINGTON TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Prepared by**

**READINGTON TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

**READINGTON TOWNSHIP SCHOOL DISTRICT  
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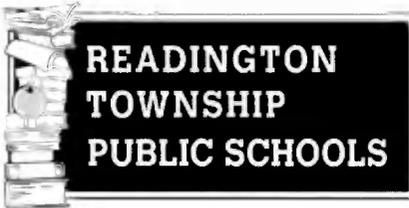
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**INTRODUCTORY SECTION**



**READINGTON  
TOWNSHIP  
PUBLIC SCHOOLS**

www.readington.k12.nj.us

Barbara Sargent, Ed.D., *Superintendent*  
Steffi-Jo DeCasas, *Business Administrator/Board Secretary*

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November 28, 2012

Honorable President and  
Members of the Board of Education  
Readington Township Public Schools  
P.O. Box 807  
Whitehouse Station, New Jersey 08889

Dear Board Members:

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

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 general purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act and the U. S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Readington Township Public School District is an independent reporting entity within the criteria adopted by G.A.S.B. (Governmental Accounting Standards Board) established by Statement No. 14. All funds and account groups of the District are included in this report. The Readington Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment in-district of 1963 students, which is 77 students below the previous year's enrollment. The following chart details the

changes in the student enrollment of the District. These figures do not include those students sent out of district for special education placements.

Year	Enrollment in District	% Change
2002-2003	2,193	1.7%
2003-2004	2235	1.9%
2004-2005	2269	1.5%
2005-2006	2254	-7.0%
2006-2007	2241	-6.0%
2007-2008	2191	-2.2%
2008-2009	2164	-1.2%
2009-2010	2105	-2.7%
2010-2011	2040	-3.1%
2011-2012	1963	-3.8%

2. ECONOMIC CONDITION AND OUTLOOK:

The District has seen decreasing enrollments in the past seven years which may be accelerated with the decline in the housing market and overall state of the economy during the past few years.

The District’s enrollment projections were developed by an independent demographer. All schools currently have sufficient capacity to house the District’s students.

3. MAJOR INITIATIVES:

The attainment of proficiency in state standards continues to be a primary concern of the district. The general population of the district continues to perform at levels above the state average.

Grade Eight Proficiency Assessment

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	4.6
Proficient	75.6
Advanced Proficient	19.8

<u>Mathematics</u>	
Partially Proficient	10.7
Proficient	45.9
Advanced Proficient	43.4

<u>Science</u>	
Partially Proficient	3.3
Proficient	38.0
Advanced Proficient	58.7

## Grade Seven NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	13.2
Proficient	68.9
Advanced Proficient	17.9

<u>Mathematics</u>	
Partially Proficient	14.4
Proficient	44.0
Advanced Proficient	41.6

## Grade Six NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	16.3
Proficient	69.2
Advanced Proficient	14.6

<u>Mathematics</u>	
Partially Proficient	9.6
Proficient	32.5
Advanced Proficient	57.9

## Grade Five NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	20.3
Proficient	69.3
Advanced Proficient	10.4

<u>Mathematics</u>	
Partially Proficient	2.5
Proficient	39.0
Advanced Proficient	58.5

## Grade Four NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	31.2
Proficient	63.7
Advanced Proficient	5.1

<u>Mathematics</u>	
Partially Proficient	8.4
Proficient	45.1
Advanced Proficient	46.5

<u>Science</u>	
Partially Proficient	1.9
Proficient	44.7
Advanced Proficient	53.5

Grade Three NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	
Partially Proficient	9.2
Proficient	80.1
Advanced Proficient	10.7

<u>Mathematics</u>	
Partially Proficient	5.3
Proficient	36.9
Advanced Proficient	57.8

School principals began the year by establishing school goals and benchmarks for reaching those goals. All goals were based on core content standards and strategic plan initiatives. Each performance area was analyzed and specific goals were developed. Teachers were provided with the opportunity to work together in developing common assessments and action plans. Throughout the year during faculty meetings and curriculum half-day sessions, the building goals were supported by the curriculum department, building-level teacher teams, and administrators. Each building focused training on improving writing instruction, instruction in reading comprehension, inquiry-based science instruction, and instruction in mathematics. Teachers were encouraged to identify strategies for contributing to the building goals. Teachers shared results from pre-assessment analysis and then planned target lessons for addressing deficiencies.

District professional development focused on the implementation of differentiated instruction across the content areas. This included the use of data to inform instruction, the integration of technology, and infusion of 21<sup>st</sup> century skills. Training took place throughout the entire school year at district-wide staff development sessions and at building faculty meetings.

#### 4. INTERNAL ACCOUNTING CONTROLS:

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, and also 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 cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

#### 6. ACCOUNTING SYSTEM AND REPORTS:

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

#### 7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

#### 8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2012, \$8,800,000.00 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, with an additional partial refunding of \$5,415,000 in November, 2010. As of June 30, 2012, \$15,695,000.00 remained in principal to be paid, with the final payment to be made on June 30, 2027.

In addition, the District holds two bond issues, dating from 1993. The first was in the amount of \$116,000, with \$12,210.52 remaining in principal, and the final payment to be made on July 15, 2013. The second is a Small Projects Loan in the amount of \$348,000 which was refunded in 2004. The principal balance remaining is \$50,462.16, with the final payment to be made on July 15, 2013.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. 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.

The District utilizes Investors Bank as its main depository for district funds. The Business Administrator utilizes the investment vehicles available through Investors Bank. This program meets the G.U.D.P.A. requirements. Most of the district's funds are invested in interest bearing accounts, allowing the district to maximize interest and maintain the liquidity needed to meet its obligations.

10. RISK MANAGEMENT:

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

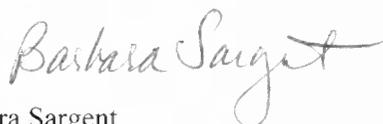
11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

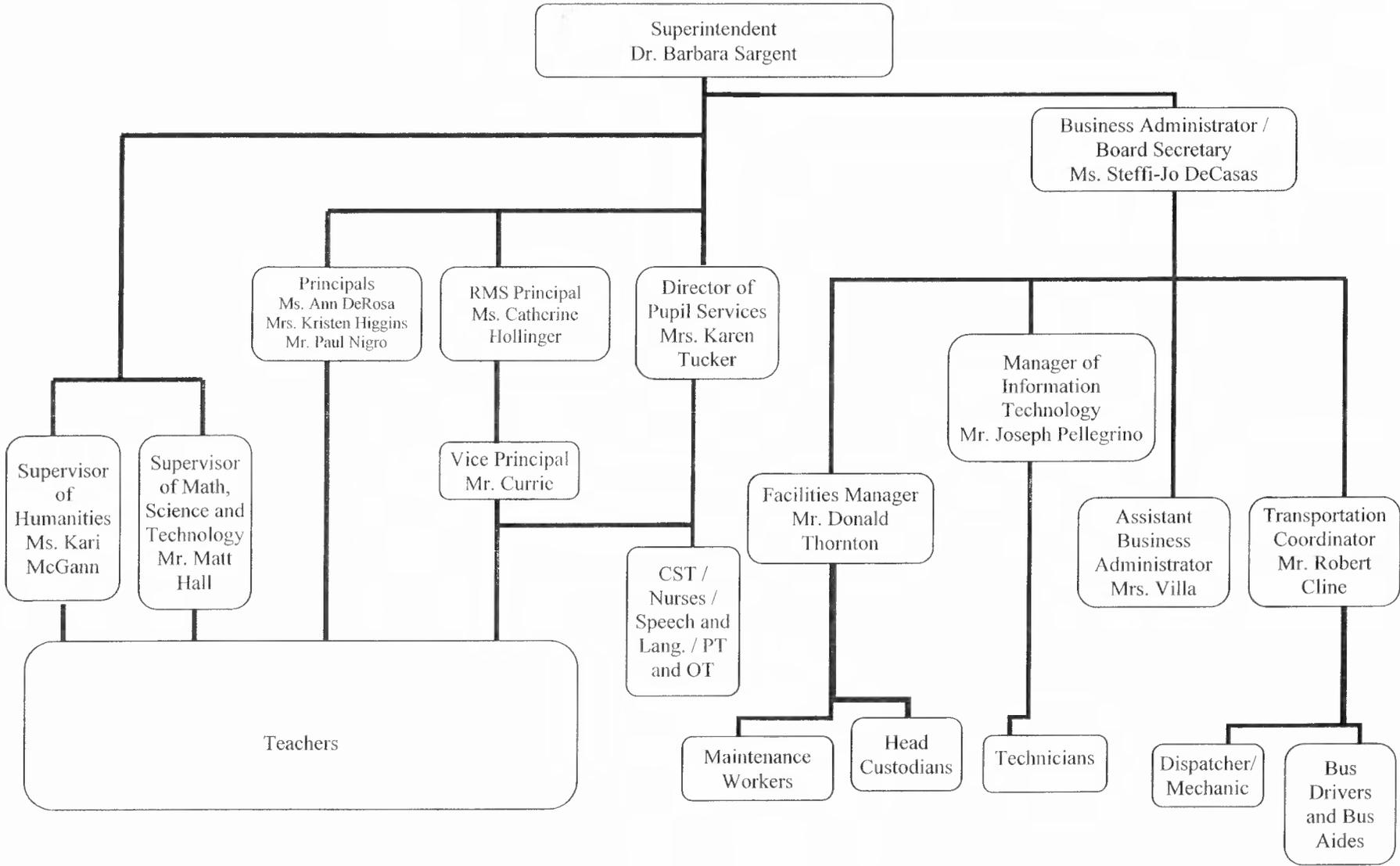


Barbara Sargent  
Superintendent of Schools



Steffi-Jo De Casas  
School Business Administrator/Board Secretary

**Readington Township Public Schools  
Organizational Chart 2011-2012**



READINGTON TOWNSHIP BOARD OF EDUCATION  
READINGTON TOWNSHIP, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2012

**MEMBERS OF THE BOARD OF EDUCATION**

		<b>TERM EXPIRES</b>
David Livingston	President	2014
Rick Finn	Vice President	2014
Wayne Doran		2014
Cheryl Filler		2013
William Goodwin		2013
Vincent Panico		2015
Joanne Sekella		2015
Laura Simon		2013
Eric Zwerling		2015

**OTHER OFFICIALS**

Dr. Barbara Sargent	Superintendent of Schools
Steffi-Jo DeCasas	Board Secretary/Business Administrator
Thomas Carro	Treasurer of School Monies

READINGTON TOWNSHIP BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS

**AUDIT FIRM**

William M. Colantano, Jr., CPA  
100 Route 31 North  
Washington, NJ 07882-1530

**SOLICITOR**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, New Jersey 07410

**OFFICIAL DEPOSITORY**

Investors Bank  
3563 US Highway 22 North  
Whitehouse Station, NJ 08889

**ARCHITECT**

SSP Architectural Group  
148 West End Ave.  
Somerville, NJ 08876

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

November 28, 2012

Honorable President and  
Members of the Board of Education  
Readington Township School District  
County of Hunterdon, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Readington Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Readington Township Board of Education's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously 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 Readington Township Board of Education in the County of Hunterdon, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2012 on our consideration of the Readington Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education's basic financial statements. The introductory section, statistical section and other accompanying information are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

READINGTON TOWNSHIP PUBLIC SCHOOLS  
READINGTON TOWNSHIP

MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
Unaudited

The Readington Township Public School (the "District") discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2012, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the District's Financial Statements.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets increased \$1,526,203, which represents a 6.50 percent increase from fiscal year 2011.
- General revenues accounted for \$33,440,677 in revenue or 96.03 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,381,338 or 3.97 percent to total revenues of \$34,822,015.
- Total assets of governmental activities increased by \$794,285 as cash and cash equivalents increased by \$3,248,912, receivables decreased by \$933,622, capital assets decreased by \$1,499,506, and other assets decreased by \$21,499. The large increase in total assets can be attributed in large part to the effective cost-cutting measures implemented by the District.
- The School District had \$33,313,066 in expenses; only \$1,381,338 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$33,440,677 were adequate to provide for these programs.
- Among major funds, the General Fund had \$31,278,393 in revenues and \$29,550,564 in expenditures. After accounting for other financing sources of \$695,165, the General Fund's balance increased \$2,422,994 over 2011. This increase was anticipated by the Board of Education and was the result of effective cost-cutting measures implemented by the District and transfers from the capital projects fund of \$677,911.

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

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these

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

### **Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

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

#### **Fund Financial Statements**

The analysis of the School District's major funds begin on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statement focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

#### **Governmental Funds**

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

The School District as a Whole

Table 1 provides a summary of the District's net assets at 6/30/2012 with comparisons to 6/30/2011.

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

	6/30/12	6/30/11	Variance	
			Dollars	%
Current & Other Assets	8,634,560	6,388,939	2,245,621	35.15
Capital Assets	43,424,909	44,911,381	(1,486,472)	(3.31)
Total Assets	<u>52,059,469</u>	<u>51,300,320</u>	<u>759,149</u>	<u>1.48</u>
Long-Term Liabilities	25,706,908	26,995,484	(1,288,576)	(4.77)
Other Liabilities	1,337,753	816,231	521,522	63.89
Total Liabilities	<u>27,044,661</u>	<u>27,811,715</u>	<u>(767,054)</u>	<u>(2.76)</u>
Net Assets				
Invested in Capital Assets,				
Net of Related Debt	18,867,236	19,198,908	(331,672)	(1.73)
Restricted	4,509,014	3,279,636	1,229,378	37.49
Unrestricted	1,638,558	1,010,061	628,497	62.22
Total Net Assets	<u>25,014,808</u>	<u>23,488,605</u>	<u>1,526,203</u>	<u>6.50</u>

Total assets increased \$759,149. Cash and cash equivalents increased by \$3,221,205, receivables decreased by \$950,973, capital assets decreased by \$1,486,472, and other assets decreased by \$24,611. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$628,497. This increase was anticipated by the Board of Education and was the result of effective cost cutting measures implemented by the Board.

Table 2 provides a summary of the District's changes in net assets in fiscal year ending 6/30/2012 with comparisons to 6/30/11.

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

	6/30/12	6/30/11	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	723,656	714,805	8,851	1.24
Operating Grants	613,966	790,617	(176,651)	(22.34)
Capital Grants	43,716	265,594	(221,878)	(83.54)
General Revenues:				
Property Taxes	29,609,399	29,592,975	16,424	0.06
Unrestricted Grants	3,660,562	2,995,051	665,511	22.22
Other	170,716	116,858	53,858	46.09
Total Revenues	<u>34,822,015</u>	<u>34,475,900</u>	<u>346,115</u>	1.00
Program Expenses				
Instruction:				
Regular	12,797,258	12,978,633	(181,375)	(1.40)
Special	4,357,246	4,256,991	100,255	2.36
Other	1,601,272	1,526,089	75,183	4.93
Support Services:				
Tuition	495,464	724,867	(229,403)	(31.65)
Student & Instructional Staff	4,841,487	4,595,912	245,575	5.34
General & Business Administration	1,525,616	1,714,006	(188,390)	(10.99)
School Administration	1,654,804	1,635,008	19,796	1.21
Maintenance	2,360,481	2,492,943	(132,462)	(5.31)
Transportation	1,947,401	2,124,628	(177,227)	(8.34)
Food Service	657,727	649,107	8,620	1.33
Summer Programs	27,067	21,617	5,450	25.21
Interest on Long-Term Debt	1,047,243	1,062,815	(15,572)	(1.47)
Total Expenses	<u>33,313,066</u>	<u>33,782,616</u>	<u>(469,550)</u>	(1.39)
Increases (Decreases) Before Special Items	<u>1,508,949</u>	<u>693,284</u>	<u>815,665</u>	117.65
Special Items:				
Gain (Loss) on Disposal of Assets	17,254		17,254	*
Payment to Refunding Agent		(444,609)	444,609	(100.00)
Total Special Items	<u>17,254</u>	<u>(444,609)</u>	<u>461,863</u>	
Increase (Decrease) in Net Assets	<u><u>1,526,203</u></u>	<u><u>248,675</u></u>	<u><u>1,277,528</u></u>	513.73

\* = Undefined

### Governmental Activities

The Readington Township School District chose to remain with the spring election process which requires the district to seek voter approval for the school district operations. Property taxes made up 86.69 percent of revenues for governmental activities for the Readington Township Public School District for fiscal year 2012.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 57.5 percent of district expenses. Support services expenses make up 39.3 percent of the expenses, and interest expense comprises 3.2 percent of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/2012 with comparisons to 6/30/2011.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/12	6/30/11	6/30/12	6/30/11
Instruction	18,755,776	18,761,713	18,542,471	18,332,300
Support Services:				
Tuition	495,464	724,867	186,502	342,118
Student & Instructional Staff	4,841,487	4,595,912	4,772,639	4,474,426
General & Business Administration	1,525,616	1,714,006	1,472,996	1,645,314
School Administration	1,654,804	1,635,008	1,652,079	1,619,128
Plant Operations & Maintenance	2,360,481	2,492,943	2,311,883	2,440,187
Pupil Transportation	1,947,401	2,124,628	1,926,373	2,118,643
Interest on Long-Term Debt	1,047,243	1,062,815	1,047,243	1,062,815
Total Expenses	<u>32,628,272</u>	<u>33,111,892</u>	<u>31,912,186</u>	<u>32,034,931</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student. Pupil and instructional staff costs include the activities involved with assisting staff with content and the process of teaching to students. General administration, school administration and business include expenses associated with administrative and financial supervision of the district. Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition. Pupil transportation includes activities involved with the conveyance of students, to and from school as well as to and from school activities, as prescribed by state law. Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

### The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$34,013,329 and expenditures of \$32,279,274 and other financing sources of \$17,254. The net positive change in fund balance for the year was

most significant in the General Fund, an increase of \$2,422,994. This was due mostly to effective cost cutting measures implemented by the District including its shared services and sustainability efforts.

### General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2012, the School District amended its general fund budget as needed. The School District uses program based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management. For the General Fund, budgeted revenues were \$28,961,154 which was \$366,068 above original budgeted estimates of \$28,595,086. This difference was due primarily to a regular state aid increase from legislation in the summer of 2011. The General Fund revenues and other financing sources of the School District were less than expenditures and other financing uses by \$2,499,899.

### Capital Assets

At the end of fiscal year 2012, the District had \$43,424,909 invested in land, construction in progress and buildings, furniture, equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/2012 with comparisons to 6/30/2011.

**Table 4**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**

	6/30/12	6/30/11	Variance	
			Dollars	%
Land	412,362	412,362	-	0.00
Construction in Progress	1,047,476	1,363,054	(315,578)	(23.15)
Land Improvements	630,819	694,848	(64,029)	(9.21)
Buildings & Improvements	40,045,966	40,684,595	(638,629)	(1.57)
Machinery & Equipment	553,829	791,102	(237,273)	(29.99)
Vehicles	734,457	965,420	(230,963)	(23.92)
Total	<u>43,424,909</u>	<u>44,911,381</u>	<u>(1,486,472)</u>	<u>(3.31)</u>

Depreciation expense and asset disposals in the current fiscal year exceeded new additions by \$1,486,472. Additions to capital assets resulted primarily from purchases of network services and a stage curtain.

Current capital improvement projects underway include HVAC replacements.

At June 30, 2012, the School District had \$24,557,673 in outstanding debt. At June 30, 2011, the School District's overall legal debt limit was \$105,035,670 and the legal borrowing margin was \$80,477,997.

Table 5 provides a summary of the District's outstanding long-term liabilities at 6/30/2012 with comparisons to 6/30/2011.

**Table 5**  
**Long-Term Liabilities at Year-end**

	6/30/12	6/30/11	Variance	
			Dollars	%
2002 General Obligation Bonds	710,000	1,385,000	(675,000)	(48.74)
2004 General Obligation Refunding Bonds	8,800,000	9,210,000	(410,000)	(4.45)
2006 General Obligation Refunding Bonds	9,680,000	9,710,000	(30,000)	(0.31)
2010 General Obligation Refunding Bonds	5,305,000	5,325,000	(20,000)	(0.38)
New Jersey Economic Development Auth.:				
Low Interest Loan	12,211	18,316	(6,105)	(33.33)
Small Projects Loan	50,462	74,094	(23,632)	(31.89)
Unamortized Bond Premium	548,937	613,304	(64,367)	(10.50)
Compensated Absences	600,298	659,770	(59,472)	(9.01)
	<u>25,706,908</u>	<u>26,995,484</u>	<u>(1,288,576)</u>	<u>(4.77)</u>

\* = Undefined

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

The district continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed include reductions in staffing levels to reflect declining enrollments, expansion of shared services and optimizing efficient management procedures. The board was also able to supplement revenues for 2012-2013 fiscal year with a carry-over of additional state aid received during 2011-2012. The district has concluded its former Five Year Strategic Plan and is embarking on a new plan for the coming fiscal year.

While the district's 2012-2013 budget was defeated at the polls, sound budget construction and effectively communicating the district's budget needs to the Township lead to implementation of a budget without any required cuts. The district continues to diligently pursue and maintain the fine balance between retaining quality teachers in a competitive teaching market, addressing the needs of students in a 21<sup>st</sup> Century School and meeting changes to the state's core curriculum standards while facing continued declining enrollment and compliance with state and federal educational requirements along with increasing mandates and regulations promulgated by the state legislature and state department of education.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Steffi-Jo DeCasas, School Business Administrator/ Board Secretary at Readington Township Board of Education, PO Box 807, 52 Readington Road, Whitehouse Station, New Jersey 08889 or e-mail at [sdecasas@readington.k12.nj.us](mailto:sdecasas@readington.k12.nj.us).

## BASIC FINANCIAL STATEMENTS

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 3,147,223	\$ 285,983	\$ 3,433,206
Internal Balances	(9,096)	9,096	
Receivables, Net	953,944	5,401	959,345
Inventory		8,680	8,680
Bond Issuance Costs, Net	260,951		260,951
Restricted Assets:			
Cash & Cash Equivalents	3,972,378		3,972,378
Capital Assets (Note 4):			
Land and Construction in Progress	1,459,838		1,459,838
Other Capital Assets, Net of Depreciation	41,921,774	43,297	41,965,071
Total Assets	<u>51,707,012</u>	<u>352,457</u>	<u>52,059,469</u>
<b>LIABILITIES</b>			
Accounts Payable	722,730	13,647	736,377
Due to Other Funds	7,041		7,041
Accrued Interest	469,063		469,063
Payables to Governments	4		4
Deferred Revenue	83,540	41,728	125,268
Long-Term Liabilities:			
Due Within One Year	1,338,213		1,338,213
Due Beyond One Year	24,368,695		24,368,695
Total Liabilities	<u>26,989,286</u>	<u>55,375</u>	<u>27,044,661</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	18,823,939	43,297	18,867,236
Restricted for:			
Capital Projects	901,465		901,465
Debt Service	15,296		15,296
Legal Reserves	3,592,253		3,592,253
Unrestricted	<u>1,384,773</u>	<u>253,785</u>	<u>1,638,558</u>
TOTAL NET ASSETS	<u>\$ 24,717,726</u>	<u>\$ 297,082</u>	<u>\$ 25,014,808</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
<b>Instruction:</b>								
Regular	\$ 9,033,112	\$ 3,764,146	\$ 30,187	\$ 22,061	\$ 20,772	\$ (12,724,238)		\$ (12,724,238)
Special Education	3,023,990	1,333,256	22,418	84,718	7,010	(4,243,100)		(4,243,100)
Other Special Education	854,833	378,972		23,555	1,985	(1,208,265)		(1,208,265)
Other Instruction	259,272	108,195			599	(366,868)		(366,868)
<b>Support Services:</b>								
Tuition	495,464			308,962		(186,502)		(186,502)
Students & Instruction Related Services	3,410,759	1,430,728		60,843	8,005	(4,772,639)		(4,772,639)
General & Business Administration Services	1,193,545	332,071	50,000		2,620	(1,472,996)		(1,472,996)
School Administration Services	1,126,188	528,616			2,725	(1,652,079)		(1,652,079)
Plant Operations & Maintenance	2,124,292	236,189	48,598			(2,311,883)		(2,311,883)
Pupil Transportation	1,948,512	(1,111)	21,028			(1,926,373)		(1,926,373)
Interest on Long-Term Debt	1,047,243					(1,047,243)		(1,047,243)
Total Governmental Activities	<u>24,517,210</u>	<u>8,111,062</u>	<u>172,231</u>	<u>500,139</u>	<u>43,716</u>	<u>(31,912,186)</u>	<u>\$ -</u>	<u>(31,912,186)</u>
<b>Business-Type Activities:</b>								
Food Service	657,727		527,490	113,827			(16,410)	(16,410)
Summer Programs	27,067		23,935				(3,132)	(3,132)
Total Business-Type Activities	<u>684,794</u>	<u>-</u>	<u>551,425</u>	<u>113,827</u>	<u>-</u>	<u>-</u>	<u>(19,542)</u>	<u>(19,542)</u>
Total Primary Government	<u>\$ 25,202,004</u>	<u>\$ 8,111,062</u>	<u>\$ 723,656</u>	<u>\$ 613,966</u>	<u>\$ 43,716</u>	<u>(31,912,186)</u>	<u>(19,542)</u>	<u>(31,931,728)</u>
<b>General Revenues and Special Items</b>								
						27,426,050		27,426,050
						2,183,349		2,183,349
						3,660,562		3,660,562
						51,050	2,176	53,226
						117,490		117,490
						17,254		17,254
						<u>33,455,755</u>	<u>2,176</u>	<u>33,457,931</u>
						1,543,569	(17,366)	1,526,203
						23,174,157	314,448	23,488,605
						<u>\$ 24,717,726</u>	<u>\$ 297,082</u>	<u>\$ 25,014,808</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **FUND FINANCIAL STATEMENTS**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 3,147,223				\$ 3,147,223
Due from Other Funds	101,128				101,128
Receivables from Other Governments:					
State	176,181		\$ 573,556		749,737
Federal		\$ 168,475			168,475
Local	6,405				6,405
Other Receivables	16,104	13,223			29,327
Restricted Cash & Equivalents	3,592,253		364,829	\$ 15,296	3,972,378
<b>TOTAL ASSETS</b>	<b>\$ 7,039,294</b>	<b>\$ 181,698</b>	<b>\$ 938,385</b>	<b>\$ 15,296</b>	<b>\$ 8,174,673</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 685,810		\$ 36,920		\$ 722,730
Due to Other Funds	16,137	\$ 101,128			117,265
Payables to Other Governments:					
State		4			4
Deferred Revenue	2,974	80,566			83,540
<b>Total Liabilities</b>	<b>704,921</b>	<b>181,698</b>	<b>36,920</b>	<b>\$ -</b>	<b>923,539</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012  
(Continued)

LIABILITIES AND FUND BALANCES (Cont'd)	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Restricted:					
Capital Reserve Account	\$ 3,059,789				\$ 3,059,789
Maintenance Reserve Account	327,599				327,599
Emergency Reserve Account	204,865				204,865
Excess Surplus	693,541				693,541
Excess Surplus-Designated for Subsequent Year's Expenditures	649,045				649,045
Committed:					
Year-End Encumbrances	638,927		\$ 33,800		672,727
Assigned:					
Designated for Subsequent Year's Expenditures	314,774		867,665	\$ 2,053	1,184,492
Unassigned Fund Balance	445,833			13,243	459,076
Total Fund Balances	<u>6,334,373</u>	<u>\$ -</u>	<u>901,465</u>	<u>15,296</u>	<u>7,251,134</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,039,294</u>	<u>\$ 181,698</u>	<u>\$ 938,385</u>	<u>\$ 15,296</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 59,425,959	
<u>16,044,347</u>	43,381,612

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

(25,706,908)

Bond issuance costs are reported as expenditures in the governmental funds. The costs are and the accumulated amortization is

360,781	
<u>99,830</u>	260,951

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds & New Jersey EDA loans is

(469,063)

Net Assets of Governmental Activities

<u>\$ 24,717,726</u>
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 27,426,050			\$ 2,183,349	\$ 29,609,399
Tuition Charges	52,605				52,605
Transportation Fees	3,240				3,240
Interest Earned on Legal Reserve Funds	13,215				13,215
Interest on Investments	37,835				37,835
Miscellaneous	92,618	\$ 13,163			105,781
<b>Total</b>	<b>27,625,563</b>	<b>13,163</b>	<b>\$ -</b>	<b>2,183,349</b>	<b>29,822,075</b>
State Sources	3,581,672	7,392	43,716	7,732	3,640,512
Federal Sources	71,158	479,584			550,742
<b>Total Revenues</b>	<b>31,278,393</b>	<b>500,139</b>	<b>43,716</b>	<b>2,191,081</b>	<b>34,013,329</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular Instruction	8,923,049	22,061			8,945,110
Special Education Instruction	2,935,415	83,260			3,018,675
Other Special Instruction	834,278	20,555			854,833
Other Instruction	257,875				257,875
Support Service & Undistributed Costs:					
Tuition	186,502	308,962			495,464
Student & Instruction Related Services	3,390,964	56,360			3,447,324
General & Business Administrative Services	1,128,273				1,128,273
School Administrative Services	1,173,417				1,173,417
Plant Operations & Maintenance	2,071,894				2,071,894
Pupil Transportation	1,716,881				1,716,881
Unallocated Benefits	6,868,360	8,941			6,877,301

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 18,521		\$ 37,037		\$ 55,558
Debt Service:					
Principal				\$ 1,164,737	1,164,737
Interest & Other Charges	45,135			1,026,797	1,071,932
Total Expenditures	<u>29,550,564</u>	<u>\$ 500,139</u>	<u>37,037</u>	<u>2,191,534</u>	<u>32,279,274</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,727,829</u>	<u>-</u>	<u>6,679</u>	<u>(453)</u>	<u>1,734,055</u>
Other Financing Sources (Uses):					
Proceeds from Disposition of Capital Assets	17,254				17,254
Transfers In	677,911			13,241	691,152
Transfers Out			(691,152)		(691,152)
Total Other Financing Sources (Uses)	<u>695,165</u>	<u>-</u>	<u>(691,152)</u>	<u>13,241</u>	<u>17,254</u>
Net Change in Fund Balances	2,422,994	-	(684,473)	12,788	1,751,309
Fund Balances, July 1	<u>3,911,379</u>	<u>-</u>	<u>1,585,938</u>	<u>2,508</u>	<u>5,499,825</u>
Fund Balances, June 30	<u>\$ 6,334,373</u>	<u>\$ -</u>	<u>\$ 901,465</u>	<u>\$ 15,296</u>	<u>\$ 7,251,134</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON 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, 2012

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ 1,751,309
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. Proceeds from the disposition of assets is an other financing source in the governmental funds, while only the gain or loss is reported in the statement of activities. The difference, which is the cost basis of the assets disposed, is a reduction in the reconciliation:		
Capital Outlays	\$ 55,558	
Depreciation Expense	<u>(1,555,064)</u>	(1,499,506)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments	1,135,000	
NJ EDA Loan Payments	<u>29,737</u>	1,164,737
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Premium	64,367	
Amortization of Bond Issuance Costs	<u>(21,499)</u>	42,868
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		24,689
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>59,472</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 1,543,569</u></u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash & Cash Equivalents	\$ 257,314	\$ 10,524	\$ 18,145	\$ 285,983
Due from Other Funds	9,096			9,096
Receivables from Other Governments:				
State	393			393
Federal	5,008			5,008
Inventory	8,680			8,680
Total Current Assets	<u>280,491</u>	<u>10,524</u>	<u>18,145</u>	<u>309,160</u>
Noncurrent Assets:				
Capital Assets	145,111			145,111
Less: Accumulated Depreciation	101,814			101,814
Total Noncurrent Assets	<u>43,297</u>	<u>-</u>	<u>-</u>	<u>43,297</u>
Total Assets	<u>323,788</u>	<u>10,524</u>	<u>18,145</u>	<u>352,457</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	13,647			13,647
Deferred Revenues	20,656	9,925	11,147	41,728
Total Liabilities	<u>34,303</u>	<u>9,925</u>	<u>11,147</u>	<u>55,375</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	43,297			43,297
Unrestricted	246,188	599	6,998	253,785
TOTAL NET ASSETS	<u>\$ 289,485</u>	<u>\$ 599</u>	<u>\$ 6,998</u>	<u>\$ 297,082</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	\$ 289,817			\$ 289,817
Daily Sales-Nonreimbursable Programs	221,752			221,752
Management Company Guaranteed Profit Provision	15,921			15,921
Summer Program Fees		\$ 13,375	\$ 10,560	23,935
Total Operating Revenues	<u>527,490</u>	<u>13,375</u>	<u>10,560</u>	<u>551,425</u>
Operating Expenses:				
Costs of Sales	287,223			287,223
Salaries	233,226	14,100	10,240	257,566
Employee Benefits	54,621	919	668	56,208
Purchased Professional Services	2,000			2,000
Purchased Property Services	14,439			14,439
Insurance	3,379			3,379
Management Fee	10,585			10,585
Other Purchased Services	6,685			6,685
General Supplies	36,993	694	446	38,133
Depreciation	8,506			8,506
Miscellaneous	70			70
Total Operating Expenses	<u>657,727</u>	<u>15,713</u>	<u>11,354</u>	<u>684,794</u>
Operating Income (Loss)	<u>(130,237)</u>	<u>(2,338)</u>	<u>(794)</u>	<u>(133,369)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,800			5,800
Federal Sources:				
National School Lunch Program	71,353			71,353
Food Donation Program	36,674			36,674
Interest	2,176			2,176
Total Nonoperating Revenues (Expenses)	<u>116,003</u>	<u>-</u>	<u>-</u>	<u>116,003</u>
Change in Net Assets	(14,234)	(2,338)	(794)	(17,366)
Net Assets, Beginning	<u>303,719</u>	<u>2,937</u>	<u>7,792</u>	<u>314,448</u>
Net Assets, Ending	<u>\$ 289,485</u>	<u>\$ 599</u>	<u>\$ 6,998</u>	<u>\$ 297,082</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 516,147	\$ 18,550	\$ 12,082	\$ 546,779
Payments to Employees	(25,849)	(14,100)	(10,240)	(50,189)
Payments for Employee Benefits	(2,158)	(919)	(668)	(3,745)
Payments to Food Service Management Company	(568,184)			(568,184)
Payments to Vendors	(26,368)	(694)	(446)	(27,508)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(106,412)</b>	<b>2,837</b>	<b>728</b>	<b>(102,847)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
State Sources	6,340			6,340
Federal Sources	72,388			72,388
General Fund Interfund Activity	15,776			15,776
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>94,504</b>	<b>-</b>	<b>-</b>	<b>94,504</b>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
Purchase of Capital Assets	(21,540)	-	-	(21,540)
<b>Cash Flows from Investing Activities:</b>				
Interest Earned on Investments	2,176	-	-	2,176
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(31,272)</b>	<b>2,837</b>	<b>728</b>	<b>(27,707)</b>
Cash and Cash Equivalents, July 1	288,586	7,687	17,417	313,690
Cash and Cash Equivalents, June 30	<u>\$ 257,314</u>	<u>\$ 10,524</u>	<u>\$ 18,145</u>	<u>\$ 285,983</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (130,237)	\$ (2,338)	\$ (794)	\$ (133,369)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation	8,506			8,506
Federal Food Donation Program	36,674			36,674
(Increase) Decrease in Inventory	3,112			3,112
Increase (Decrease) in Accounts Payable	(26,232)			(26,232)
Increase (Decrease) in Deferred Revenue	1,765	5,175	1,522	8,462
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (106,412)</b>	<b>\$ 2,837</b>	<b>\$ 728</b>	<b>\$ (102,847)</b>

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012

	Student Activity Agency Fund	Payroll Agency Fund
	<u>                    </u>	<u>                    </u>
ASSETS		
Cash & Cash Equivalents	\$ 66,714	\$ 257,875
Due from Other Funds	5,049	1,992
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 71,763</u>	<u>\$ 259,867</u>
LIABILITIES		
Accounts Payable	\$ 1,625	
Due to Student Groups	70,138	
Accumulated Interest		\$ 2
Payroll Deductions & Withholdings		259,865
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>\$ 71,763</u>	<u>\$ 259,867</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(NOT APPLICABLE TO THIS REPORT)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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

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

The Basic Financial Statements Include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2012 of 1955 students.

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

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

B. Government-Wide and Fund Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

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

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

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

The District's Enterprise Fund is comprised of the Food Service, Summer Enrichment and Summer Sport Camps Funds.

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

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

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

Fiduciary Fund Types

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

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

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2011-2012 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

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

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

J. Capital Assets

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

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

K. Compensated Absences

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

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

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

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

L. Deferred Revenue

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

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

M. Long-Term Obligations

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

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

N. Fund Equity

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

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2012 consisted of the following:

Legal Reserves:	
Capital	\$ 3,059,789
Maintenance	327,599
Emergency	204,865
Capital Projects	901,465
Debt Service	<u>15,296</u>
 Total Restricted Net Assets	 \$ <u>4,509,014</u>

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations.

P. Allocation of Indirect Expenses

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES**

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

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

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

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

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

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

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

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

Deposits and investments at June 30, 2012 appear in the financial statements as summarized below:

Cash		<u>\$ 7,730,173</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 7,119,601
Enterprise Fund, Statement of Net Assets	B-4	285,983
Fiduciary Funds, Statement of Net Assets	B-7	<u>324,589</u>
 Total Cash & Investments		 <u>\$ 7,730,173</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2012 is \$7,730,173 and the bank balance is \$8,005,787. Of the bank balance, \$250,000 is covered by federal depository insurance and \$7,755,787 is insured by GUDPA.

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

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

Deposit and Investment Risk

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

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2012, the district had no investments.

**NOTE 4. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 412,362			\$ 412,362
Construction in Progress	1,363,054	\$ 38,012	\$ 353,590	1,047,476
Total	<u>1,775,416</u>	<u>38,012</u>	<u>353,590</u>	<u>1,459,838</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	1,896,878			1,896,878
Building & Improvements	51,145,570	353,590		51,499,160
Furniture & Equipment	2,215,930	17,546		2,233,476
Buses & Other Vehicles	2,606,211		269,604	2,336,607
Total	<u>57,864,589</u>	<u>371,136</u>	<u>269,604</u>	<u>57,966,121</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 is as follows: (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Land Improvements	\$ 1,202,030	\$ 64,029		\$ 1,266,059
Building & Improvements	10,460,975	992,219		11,453,194
Furniture & Equipment	1,455,091	267,853		1,722,944
Buses & Other Vehicles	1,640,791	230,963	\$ 269,604	1,602,150
Total	<u>14,758,887</u>	<u>1,555,064</u>	<u>269,604</u>	<u>16,044,347</u>
 Total Capital Assets, Being Depreciated, Net	 <u>43,105,702</u>	 <u>(1,183,928)</u>	 <u>-0-</u>	 <u>41,921,774</u>
 Transfers	 <u>-0-</u>	 <u>(353,590)</u>	 <u>(353,590)</u>	 <u>-0-</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 44,881,118</u>	 <u>\$ (1,499,506)</u>	 <u>\$ -0-</u>	 <u>\$ 43,381,612</u>
 Business-Type Activities:				
Furniture & Equipment	\$ 123,571	\$ 21,540		\$ 145,111
Less: Accum Depreciation	<u>93,308</u>	<u>8,506</u>		<u>101,814</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,263</u>	<u>\$ 13,034</u>	<u>\$ -0-</u>	<u>\$ 43,297</u>

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

Instruction:	
Regular	\$ 654,839
Special Education	196,604
Other Special Instruction	54,169
Co-curricular Activities	17,738
Support Services:	
Student & Instruction	220,526
General & Business Admin	79,592
School Administration	74,458
Plant & Maintenance	43,295
Pupil Transportation	<u>213,843</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,555,064</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 25,630,000		\$ 1,135,000	\$ 24,495,000	\$ 1,200,000
EDA Loans Payable	92,410		29,737	62,673	30,786
Unamortized Bond Premiums	613,304		64,367	548,937	64,367
Compensated Absences Payable	659,770	\$ 83,878	143,350	600,298	43,060
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 26,995,484</b>	<b>\$ 83,878</b>	<b>\$ 1,372,454</b>	<b>\$ 25,706,908</b>	<b>\$ 1,338,213</b>

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

The annual requirements to amortize all general obligation bonds and EDA loans outstanding as of June 30, 2012 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,230,786	\$ 973,278	\$ 2,204,064
2014	1,281,887	921,521	2,203,408
2015	1,290,000	882,288	2,172,288
2016	1,345,000	840,513	2,185,513
2017	1,390,000	794,927	2,184,927
2018-2022	8,025,000	3,035,250	11,060,250
2023-2027	9,995,000	1,196,580	11,191,580
<b>Total</b>	<b>\$ 24,557,673</b>	<b>\$ 8,644,357</b>	<b>\$ 33,202,030</b>

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

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

General Obligation Bonds – General obligation school building bonds payable at June 30, 2012, with their outstanding balances are comprised of the following individual issues:

\$5,415,000 – 2010 general obligation refunding bonds due in annual installments of \$20,000 to \$935,000 beginning January 15, 2011, Through July 15, 2019, interest from 1.625% to 5.00%	\$ 5,305,000
\$10,000,000 – 2006 general obligation refunding bonds, due in annual installments of \$25,000 to \$1,355,000 beginning January 15, 2008, through July 15, 2026 interest at 4.00%	9,680,000
\$10,640,000 – 2004 general obligation refunding bonds, due in annual installments of \$155,000 to \$780,000, beginning Jan 1, 2008, through Jan 1, 2027, interest from 3.00% to 5.00%	8,800,000
\$20,346,000 – 2002 general obligation school building bonds, \$9,356,000 defeased on December 14, 2006, and \$5,355,000 on November 24, 2010 remainder due in annual installments of \$265,000 to \$960,000 beginning July 15, 2008, through July 15, 2019 interest from 4.25% to 4.55%	710,000
\$348,000 – 1993 NJ Economic Development Authority small project loan, due in annual installments of \$13,429 to \$25,782. beginning July 15, 1995, through July 15, 2013, interest at 5.288%	50,462
\$116,000 – 1993 NJ Economic Development Authority safe pro-program low interest loan, due in annual installments of \$6,105, beginning July 15, 1995, through July 15, 2013, interest at 1.50%	<u>12,211</u>
	<u>\$ 24,557,673</u>

Advance Refunding of School Bond Refunding Series 2002

Defeasance of Debt-On December 14, 2006, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2002 series bonds. As a result, the portion of the 2002 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. At June 30, 2012, outstanding bonds in the amount of \$9,356,000 are considered defeased. The bonds were scheduled to be redeemed through the escrow account on July 15, 2012.

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

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

Advance Refunding of School Bond Refunding Series 2002 (Cont'd)

Defeasance of Debt-On November 24, 2010, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2002 series bonds. As a result, the portion of the 2002 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. At June 30, 2012, outstanding bonds in the amount of \$5,355,000 are considered defeased. The bonds were scheduled to be redeemed through the escrow account on July 15, 2012.

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2012 is \$105,035,670. General obligation debt at June 30, 2012 is \$24,557,673. There is also debt authorized but not issued of \$-0-, resulting in a legal borrowing margin of \$80,477,997

**NOTE 6. PENSION PLANS**

Description of Systems

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Significant Legislation (cont'd)

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

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

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

<u>Year</u> <u>Funding</u>	<u>TPAF</u> <u>Benefit Costs</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/12	\$ 1,359,062	100%
06/30/11	982,446	100%
06/30/10	949,891	100%

Three Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/12	\$ 459,728	100%
06/30/11	430,105	100%
06/30/10	329,262	100%

During the year ended June 30, 2012, the State of New Jersey contributed \$907,586 to the TPAF for post-retirement medical benefits and \$43,754 for the non-contributory premiums, and \$407,722 for normal pension costs and accrued liability on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,035,082 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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## NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after reaching age 60 and accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

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

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensionspdf/financial/gasb-43-july2011.pdf>

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

**NOTE 8. DEFERRED COMPENSATION**

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

AXA Equitable Funds	Lincoln Investment Planning
Siracusa Benefits Programs	Tax Deferred Services
Financial Network Investments	Financial Resources & Retirement Inc
	Lincoln National Life Insurance Co

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The composition of Interfund balances at June 30, 2012 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 101,128	\$ 16,137
Special Revenue Fund		101,128
Payroll Agency	1,992	
Food Service Fund	9,096	
Student Activity Fund	5,049	
	\$ 117,265	\$ 117,265

The balance due from the Special Revenue Fund to the General Fund of \$101,128 represents a loan from the General Fund due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the General Fund to the Student Activity Agency Fund of \$5,049 represents a board contribution for the cost of sports officials disbursed in the Activity Fund.

The balance due from the General Fund to the Payroll Agency Fund of \$1,992 represents and administrative fee assessed in the Flex Spending Payroll Agency Fund to be reimbursed from the General Fund budget. The balance due from the General Fund to the Food Service Fund of \$24,872 represents lunch aid received in the General Fund but not yet disbursed to the Food Service Enterprise Fund as of June 30, 2012.

During the year ended June 30, 2012, the District transferred \$13,241 from the Capital Projects Fund to the Debt Service Fund representing pre-ECFPA funding of a referendum project designated to the Debt Service Fund. In addition, the District transferred \$677,911 from the Capital Projects Fund to the General Fund representing a return of unused local funding to Capital Reserve Fund for a completed project.

All interfund balances are to be liquidated within one year.

READINGTON TOWNSHIP SCHOOL DISTRICT  
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**NOTE 10. INVENTORY**

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

Food	\$	5,561
Supplies		<u>3,119</u>
	\$	<u>8,680</u>

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

**NOTE 11. CONTINGENT LIABILITIES**

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

**NOTE 12. RISK MANAGEMENT**

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its NJ Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

**NOTE 13. LEGAL RESERVE ACCOUNTS**

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

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

**NOTE 13. LEGAL RESERVE ACCOUNTS**

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District transferred \$1,100,000 to their Capital Reserve and \$100,000 to their Maintenance Reserve account by board resolution in June 2012.

The following is a summarization of the Legal Reserve Accounts for the Current year:

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Local Funding	With-drawal	Ending Balance
Capital	\$ 1,270,105	\$ 1,100,000	\$ 11,773	\$ 677,911		\$ 3,059,789
Emergency	203,447		1,418			204,865
Maintenance	227,575	100,000	24			327,599
Totals	<u>\$ 1,701,127</u>	<u>\$ 1,200,000</u>	<u>\$ 13,215</u>	<u>\$ 677,911</u>	<u>\$ -0-</u>	<u>\$ 3,592,253</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 exceeded the balance in the capital reserve account.

**NOTE 14. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2012 and 2011 is as follows:

	2012	2011
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 693,541	\$ 649,045
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	649,045	646,556
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	3,059,789	1,270,105
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	327,599	227,575
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	204,865	203,447

READINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

**NOTE 14. FUND BALANCES-BUDGETARY BASIS** (Cont'd)

	<u>2012</u>	<u>2011</u>
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	\$ 638,927	\$ 267,295
Assigned:		
Designated for Subsequent User's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	314,774	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>553,568</u>	<u>678,186</u>
Total Fund Balance	<u>\$ 6,442,108</u>	<u>\$ 3,942,209</u>

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL 2005, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$693,541.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 27,426,050		\$ 27,426,050	\$ 27,426,050	
Tuition from Individuals	14,000		14,000	30,187	\$ 16,187
Tuition from Other LEAs Within the State				22,418	22,418
Transportation Fees from Individuals	2,700		2,700	3,240	540
Interest Earned on Capital Reserve Funds				11,773	11,773
Interest Earned on Maintenance Reserve Funds				24	24
Interest Earned on Emergency Reserve Funds				1,418	1,418
Interest on Investments	15,000		15,000	37,835	22,835
Building Use Rental Income	45,000		45,000	39,495	(5,505)
Unrestricted Miscellaneous Revenues	48,638		48,638	53,123	4,485
<b>Total</b>	<u>27,551,388</u>	<u>\$ -</u>	<u>27,551,388</u>	<u>27,625,563</u>	<u>74,175</u>
State Sources:					
Categorical Special Education Aid	824,702		824,702	1,090,393	265,691
Categorical Security Aid				49,083	49,083
Extraordinary Aid	150,000		150,000	114,077	(35,923)
Nonpublic Transportation Aid				10,440	10,440
NJ Anti-Bullying Aid				440	440
On-Behalf TPAF Pension Contribution				1,359,062	1,359,062
Reimbursed TPAF Social Security Contribution				1,035,082	1,035,082
<b>Total</b>	<u>974,702</u>	<u>-</u>	<u>974,702</u>	<u>3,658,577</u>	<u>2,683,875</u>
Federal Sources:					
Education Jobs Fund	68,996	2,162	71,158	71,158	-
<b>TOTAL REVENUES</b>	<u>\$ 28,595,086</u>	<u>\$ 2,162</u>	<u>\$ 28,597,248</u>	<u>\$ 31,355,298</u>	<u>\$ 2,758,050</u>
<b>EXPENDITURES</b>					
Current:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 251,065	\$ 655	\$ 251,720	\$ 251,432	\$ 288
Grades 1-5	4,475,690	11,768	4,487,458	4,431,806	55,652
Grades 6-8	3,510,676	(13,436)	3,497,240	3,425,982	71,258
Regular Programs-Home Instruction:					
Salaries of Teachers	2,500	10,618	13,118	13,118	
Purchased Professional-Educational Services	17,000	(6,000)	11,000	1,602	9,398
Other Purchased Services	250	2,150	2,400	684	1,716
General Supplies	250	(150)	100		100
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	83,267	8,604	91,871	80,319	11,552
Purchased Professional-Educational Services	3,050		3,050	1,325	1,725
Other Purchased Services	84,370	40	84,410	72,645	11,765
General Supplies	509,424	369,216	878,640	580,240	298,400
Textbooks	367,120	(115,586)	251,534	63,483	188,051
Other Objects	629		629	413	216
<b>Total</b>	<u>9,305,291</u>	<u>267,879</u>	<u>9,573,170</u>	<u>8,923,049</u>	<u>650,121</u>
Special Education-Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	165,594	676	166,270	166,172	98
Other Salaries for Instruction	34,642	20,105	54,747	54,086	661
Other Purchased Services		472	472	407	65
General Supplies	1,500	(192)	1,308	1,298	10
<b>Total</b>	<u>201,736</u>	<u>21,061</u>	<u>222,797</u>	<u>221,963</u>	<u>834</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 1,935,316	\$ 30,960	\$ 1,966,276	\$ 1,966,276	
Other Salaries for Instruction	397,895	(16,636)	381,259	380,209	\$ 1,050
General Supplies	18,851	(500)	18,351	18,337	14
Textbooks	650		650	205	445
Total	<u>2,352,712</u>	<u>13,824</u>	<u>2,366,536</u>	<u>2,365,027</u>	<u>1,509</u>
Autism:					
Salaries of Teachers	52,888	477	53,365	52,515	850
Other Salaries for Instruction	6,049	(5,700)	349		349
General Supplies	900		900	843	57
Total	<u>59,837</u>	<u>(5,223)</u>	<u>54,614</u>	<u>53,358</u>	<u>1,256</u>
Preschool Disabilities-Part Time:					
Salaries of Teachers	185,777	651	186,428	185,348	1,080
Other Salaries for Instruction	107,473	525	107,998	107,582	416
General Supplies	2,000	500	2,500	2,137	363
Total	<u>295,250</u>	<u>1,676</u>	<u>296,926</u>	<u>295,067</u>	<u>1,859</u>
Total Special Education-Instruction	<u>2,909,535</u>	<u>31,338</u>	<u>2,940,873</u>	<u>2,935,415</u>	<u>5,458</u>
Basic Skills/Remedial:					
Salaries of Teachers	781,245	(4,217)	777,028	761,872	15,156
General Supplies	3,405	1,322	4,727	3,632	1,095
Total	<u>784,650</u>	<u>(2,895)</u>	<u>781,755</u>	<u>765,504</u>	<u>16,251</u>
Bilingual Education:					
Salaries of Teachers	62,457	5,253	67,710	66,940	770
Other Purchased Services	886	301	1,187	386	801
General Supplies	910	550	1,460	1,448	12
Total	<u>64,253</u>	<u>6,104</u>	<u>70,357</u>	<u>68,774</u>	<u>1,583</u>
School Sponsored Co/Extra Curricular Activities:					
Salaries	120,919	13,714	134,633	120,673	13,960
Purchased Services	5,214		5,214	184	5,030
Supplies & Materials	12,913		12,913	5,968	6,945
Other Objects	1,675	45	1,720	1,432	288
Total	<u>140,721</u>	<u>13,759</u>	<u>154,480</u>	<u>128,257</u>	<u>26,223</u>
School Sponsored Athletics:					
Salaries	96,100	11,282	107,382	107,381	1
Purchased Services	16,240	895	17,135	14,133	3,002
Supplies & Materials	7,354	450	7,804	7,129	675
Other Objects	2,320	(1,345)	975	975	
Total	<u>122,014</u>	<u>11,282</u>	<u>133,296</u>	<u>129,618</u>	<u>3,678</u>
Total Instruction	<u>\$ 13,326,464</u>	<u>\$ 327,467</u>	<u>\$ 13,653,931</u>	<u>\$ 12,950,617</u>	<u>\$ 703,314</u>
Undistributed Expenditures:					
Instruction-Tuition:					
Other LEAs Within the State-Regular		\$ 1,746	\$ 1,746	\$ 1,745	\$ 1
Other LEAs Within the State-Special		16,925	16,925	16,924	1
Private School for Disabled Within the State	\$ 308,218	(111,303)	196,915	167,833	29,082
Total	<u>308,218</u>	<u>(92,632)</u>	<u>215,586</u>	<u>186,502</u>	<u>29,084</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Health Services:					
Salaries	\$ 245,641	\$ 11,027	\$ 256,668	\$ 255,967	\$ 701
Purchased Professional & Technical Services	4,865		4,865	3,756	1,109
Other Purchased Services	1,000	200	1,200	1,127	73
Supplies & Materials	18,778	2,611	21,389	15,324	6,065
Other Objects	484		484	340	144
Total	270,768	13,838	284,606	276,514	8,092
Speech, Occupational Therapy, Physical Therapy and Related Services:					
Salaries	500,376	(16,163)	484,213	483,538	675
Purchased Professional-Educational Services	121,815	(2,051)	119,764	97,335	22,429
Supplies & Materials	2,900	151	3,051	3,035	16
Other Objects		2,285	2,285	1,825	460
Total	625,091	(15,778)	609,313	585,733	23,580
Other Support Services-Students-Extraordinary:					
Salaries	153,162	29,203	182,365	166,186	16,179
Purchased Professional-Educational Services	6,500		6,500		6,500
Total	159,662	29,203	188,865	166,186	22,679
Guidance:					
Salaries of Other Professional Staff	483,306	4,996	488,302	483,726	4,576
Salaries of Secretarial & Clerical Assistants	37,931	724	38,655	38,655	
Purchased Professional-Educational Services	1,400		1,400		1,400
Other Purchased Services	1,200	(220)	980	524	456
Supplies & Materials	26,670	3,602	30,272	30,159	113
Total	550,507	9,102	559,609	553,064	6,545
Child Study Team:					
Salaries of Other Professional Staff	619,300	5,969	625,269	623,800	1,469
Salaries of Secretarial & Clerical Assistants	134,533	5,386	139,919	139,919	
Other Salaries	2,300		2,300	1,485	815
Other Purchased Professional & Technical Services	50,385	(13,528)	36,857	28,444	8,413
Miscellaneous Purchased Services	13,140	17,731	30,871	5,032	25,839
Supplies & Materials	14,038	1,073	15,111	11,311	3,800
Total	833,696	16,631	850,327	809,991	40,336
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	222,237	(5,000)	217,237	212,558	4,679
Salaries of Other Professional Staff	4,860		4,860	2,020	2,840
Salaries of Secretarial & Clerical Assistants	23,970	1	23,971	23,970	1
Other Purchased Services	7,374	8,314	15,688	9,785	5,903
Supplies & Materials	1,775	4,255	6,030	6,030	
Other Objects	4,386	(204)	4,182	4,147	35
Total	264,602	7,366	271,968	258,510	13,458
Educational Media Services/School Library:					
Salaries	426,046	(5,030)	421,016	389,554	31,462
Salaries of Technology Coordinators	63,595	14,322	77,917	77,916	1
Purchased Professional & Technical Services	55,745	(13,907)	41,838	34,635	7,203
Other Purchased Services	44,665	25,263	69,928	64,198	5,730
Supplies & Materials	23,045	(4,128)	18,917	15,036	3,881
Total	613,096	16,520	629,616	581,339	48,277

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Cont'd)</b>					
Current: (cont'd)					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 147,885	\$ 769	\$ 148,654	\$ 108,576	\$ 40,078
Salaries of Secretarial & Clerical Assistants	23,970		23,970	23,970	
Purchased Professional-Educational Services	16,000	(8,595)	7,405	7,405	
Other Purchased Services	24,438	596	25,034	12,790	12,244
Supplies & Materials	9,450	920	10,370	6,886	3,484
<b>Total</b>	<b>221,743</b>	<b>(6,310)</b>	<b>215,433</b>	<b>159,627</b>	<b>55,806</b>
Support Services General Administration:					
Salaries	214,357	11,625	225,982	218,907	7,075
Legal Services	72,000	9,402	81,402	52,985	28,417
Audit Fees	30,000		30,000	29,150	850
Architectural/Engineering Services	6,000	3,500	9,500	9,260	240
Other Purchased Professional Services	16,675		16,675	16,025	650
Purchased Technical Services	5,000	(4,000)	1,000	540	460
Communications & Telephone	152,556	3,122	155,678	140,147	15,531
Board of Education Other Purchased Services	3,220		3,220	2,607	613
Other Purchased Services	114,750	1,756	116,506	114,684	1,822
General Supplies	13,300	(5,306)	7,994	5,102	2,892
Board of Education In-House Train/Meeting Supplies	750	1,450	2,200	2,192	8
Miscellaneous Expenditures	3,200		3,200	2,049	1,151
Board of Education Membership Dues and Fees	18,450	(1,200)	17,250	17,174	76
<b>Total</b>	<b>650,258</b>	<b>20,349</b>	<b>670,607</b>	<b>610,822</b>	<b>59,785</b>
Support Services School Administration:					
Salaries of Principals/Assistant Principals	694,690	56,486	751,176	735,188	15,988
Salaries of Secretarial & Clerical Assistants	363,287	11,001	374,288	371,633	2,655
Purchased Professional & Technical Services	20,540		20,540	19,650	890
Other Purchased Services	22,750	(175)	22,575	13,521	9,054
Supplies & Materials	51,669	(10,050)	41,619	28,696	12,923
Other Objects	11,270	(2,000)	9,270	4,729	4,541
<b>Total</b>	<b>1,164,206</b>	<b>55,262</b>	<b>1,219,468</b>	<b>1,173,417</b>	<b>46,051</b>
Central Services:					
Salaries	411,281	4,701	415,982	407,354	8,628
Purchased Professional Services	4,000	11,500	15,500	13,083	2,417
Purchased Technical Service	25,800	(4,700)	21,100	16,942	4,158
Miscellaneous Purchased Services	11,500	41	11,541	6,906	4,635
Supplies & Materials	15,250	(5,729)	9,521	7,272	2,249
Miscellaneous Expenditures	2,300	149	2,449	2,449	
<b>Total</b>	<b>470,131</b>	<b>5,962</b>	<b>476,093</b>	<b>454,006</b>	<b>22,087</b>
Administrative Information Technology:					
Salaries	47,573	18,487	66,060	61,896	4,164
Other Purchased Services	2,500	(71)	2,429	1,549	880
Other Objects	1,200		1,200		1,200
<b>Total</b>	<b>51,273</b>	<b>18,416</b>	<b>69,689</b>	<b>63,445</b>	<b>6,244</b>
Required Maintenance for School Facilities:					
Salaries	306,226	14,883	321,109	309,601	11,508
Cleaning Repair & Maintenance Services	195,007	135,100	330,107	168,197	161,910
General Supplies	115,396	(8,330)	107,066	56,997	50,069
Other Objects		1,241	1,241	1,240	1
<b>Total</b>	<b>616,629</b>	<b>142,894</b>	<b>759,523</b>	<b>536,035</b>	<b>223,488</b>

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 170,557	\$ 1,836	\$ 172,393	\$ 166,131	\$ 6,262
Purchased Professional & Technical Services	392,760	(323,756)	69,004	19,435	49,569
Cleaning Repair & Maintenance Services	101,000	283,548	384,548	372,932	11,616
Other Purchased Property Services	19,850	4,802	24,652	23,373	1,279
Insurance	32,000	(2,500)	29,500	24,898	4,602
General Supplies	127,329	24,495	151,824	65,201	86,623
Energy (Natural Gas)	313,294	(134,470)	178,824	159,772	19,052
Energy (Electricity)	819,190	(78,428)	740,762	568,293	172,469
Other Objects	3,000		3,000	1,864	1,136
Total	1,978,980	(224,473)	1,754,507	1,401,899	352,608
Care & Upkeep of Grounds					
Salaries	99,327	618	99,945	95,043	4,902
Cleaning, Repair, and Maintenance Services	12,480	38,014	50,494	8,029	42,465
General Supplies	9,944	13,749	23,693	23,280	413
Total	121,751	52,381	174,132	126,352	47,780
Security					
Purchased Professional & Technical Services		7,608	7,608	7,608	
Total	-	7,608	7,608	7,608	-
Student Transportation Services:					
Salaries of Noninstructional Aides		7,378	7,378	7,378	
Salaries-Pupil Transportation (Between Home & School)-Regular	647,264	(21,000)	626,264	560,497	65,767
Salaries-Pupil Transportation (Between Home & School)-Special Education	163,892	(7,377)	156,515	128,014	28,501
Salaries-Pupil Transportation (Other Than Between Home & School)	24,807		24,807	19,393	5,414
Management Fee-ESC Transportation Program	5,830		5,830	5,774	56
Other Purchased Professional & Technical Services	7,400	60,000	67,400	66,262	1,138
Cleaning Repair & Maintenance Services	19,530		19,530	5,799	13,731
Contracted Services (Aid in Lieu of Payments-Charter School Students)		1,768	1,768	1,768	
Contracted Services (Between Home & School)-Vendors		6,942	6,942	6,942	
Contracted Services (Between Home & School)-Joint Agreements	63,770	(770)	63,000	61,413	1,587
Contracted Services (Special Education Students)-ESCs & CTSA's	127,000	(5,009)	121,991	97,651	24,340
Miscellaneous Purchased Services-Transportation	33,901	294	34,195	31,885	2,310
General Supplies	3,350	(1,600)	1,750	525	1,225
Transportation Supplies	305,030	(25,100)	279,930	219,829	60,101
Other Objects	150		150		150
Total	1,401,924	15,526	1,417,450	1,213,130	204,320
Allocated Benefits-Student Transportation Services:					
Social Security Contributions	68,340		68,340	56,311	12,029
Other Retirement Contributions-PERS	110,105	(519)	109,586	103,255	6,331
Other Retirement Contributions-Regular		519	519	519	
Unemployment Compensation	5,280		5,280	4,933	347
Workmen's Compensation	36,130		36,130	32,929	3,201
Health Benefits	442,194	(50)	442,144	302,447	139,697
Other Employee Benefits	3,500	50	3,550	3,357	193
Total	665,549	-	665,549	503,751	161,798

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	\$ 326,346	\$ 431	\$ 326,777	\$ 272,543	\$ 54,234
Other Retirement Contributions-PERS	372,610	(5,928)	366,682	356,473	10,209
Other Retirement Contributions-Regular		5,928	5,928	5,928	
Unemployment Compensation	65,000		65,000	64,047	953
Workmen's Compensation	144,523	(12,501)	132,022	131,715	307
Health Benefits	3,796,590	(69,314)	3,727,276	3,470,634	256,642
Tuition Reimbursement	104,750	1,800	106,550	77,677	28,873
Other Employee Benefits	76,800	50,295	127,095	95,199	31,896
Total	<u>4,886,619</u>	<u>(29,289)</u>	<u>4,857,330</u>	<u>4,474,216</u>	<u>383,114</u>
Total Benefits	<u>5,552,168</u>	<u>(29,289)</u>	<u>5,522,879</u>	<u>4,977,967</u>	<u>544,912</u>
On-Behalf TPAF Pension Contributions				1,359,062	(1,359,062)
Reimbursed TPAF Social Security Contributions				1,035,082	(1,035,082)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,394,144</u>	<u>(2,394,144)</u>
Total Undistributed Expenditures	<u>\$ 15,854,703</u>	<u>\$ 42,576</u>	<u>\$ 15,897,279</u>	<u>\$ 16,536,291</u>	<u>\$ (639,012)</u>
TOTAL CURRENT	<u>\$ 29,181,167</u>	<u>\$ 370,043</u>	<u>\$ 29,551,210</u>	<u>\$ 29,486,908</u>	<u>\$ 64,302</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 6,615	\$ 13,346	\$ 19,961	\$ 17,546	\$ 2,415
Total	<u>6,615</u>	<u>13,346</u>	<u>19,961</u>	<u>17,546</u>	<u>2,415</u>
Facilities Acquisition and Construction Services:					
Construction Services	8,725	(8,725)			
Other Objects		5,000	5,000	975	4,025
NJ SDA Debt Service Assessment	45,135		45,135	45,135	
Total	<u>53,860</u>	<u>(3,725)</u>	<u>50,135</u>	<u>46,110</u>	<u>4,025</u>
TOTAL CAPITAL OUTLAY	<u>\$ 60,475</u>	<u>\$ 9,621</u>	<u>\$ 70,096</u>	<u>\$ 63,656</u>	<u>\$ 6,440</u>
TOTAL EXPENDITURES	<u>\$ 29,241,642</u>	<u>\$ 379,664</u>	<u>\$ 29,621,306</u>	<u>\$ 29,550,564</u>	<u>\$ 70,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (646,556)</u>	<u>\$ (377,502)</u>	<u>\$ (1,024,058)</u>	<u>\$ 1,804,734</u>	<u>\$ 2,828,792</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Assets				17,254	17,254
Transfer In-Capital Projects Fund to Capital Reserve Fund		677,911	677,911	677,911	
Total Other Financing Sources (Uses)	<u>-</u>	<u>677,911</u>	<u>677,911</u>	<u>695,165</u>	<u>17,254</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(646,556)</u>	<u>300,409</u>	<u>(346,147)</u>	<u>2,499,899</u>	<u>2,846,046</u>
Fund Balances, July 1	<u>3,942,209</u>		<u>3,942,209</u>	<u>3,942,209</u>	
Fund Balances, June 30	<u>\$ 3,295,653</u>	<u>\$ 300,409</u>	<u>\$ 3,596,062</u>	<u>\$ 6,442,108</u>	<u>\$ 2,846,046</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Adjustment for Prior Year Encumbrances		\$ (267,295)	\$ (267,295)	\$ (267,295)	
Increase in Capital Reserve		1,789,684	1,789,684	1,789,684	
Increase in Maintenance Reserve		100,024	100,024	100,024	
Increase in Emergency Reserve		1,418	1,418	1,418	
Budgeted Fund Balance	\$ (646,556)	(1,323,422)	(1,969,978)	876,068	\$ 2,846,046
TOTAL	\$ (646,556)	\$ 300,409	\$ (346,147)	\$ 2,499,899	\$ 2,846,046

RECAPITULATION OF FUND BALANCE	Actual
Restricted Fund Balance:	
Capital Reserve	\$ 3,059,789
Maintenance Reserve	327,599
Emergency Reserve	204,865
Excess Surplus:	
Prior Year-Designated for 2012-2013 Budget	649,045
Current Year-Designated for 2013-2014 Budget	693,541
Committed Fund Balance:	
Year-End Encumbrances	638,927
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	314,774
Unassigned Fund Balance	553,568
	6,442,108
Reconciliation to Governmental Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(107,735)
Fund Balance Per Governmental Funds (GAAP)	\$ 6,334,373

READINGTON TOWNSHIP SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Not Applicable to this Report)

READINGTON TOWNSHIP SCHOOL DISTRICT  
EDUCATION JOBS FUND PROGRAM-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources:					
Education Jobs Fund Program Aid	\$ 68,996	\$ 2,162	\$ 71,158	\$ 71,158	
TOTAL REVENUES	<u>\$ 68,996</u>	<u>\$ 2,162</u>	<u>\$ 71,158</u>	<u>\$ 71,158</u>	<u>\$ -</u>
EXPENDITURES					
Education Jobs Fund Program:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Grades 1-5	\$ 40,000	\$ 5,977	\$ 45,977	\$ 45,977	
Special Education:					
Resource Room/Resource Center:					
Other Salaries for Instruction	14,498	(5,862)	8,636	8,636	
Preschool Disabilities-Part Time:					
Other Salaries for Instruction	14,498	(5,861)	8,637	8,637	
Unallocated Benefits-Employee Benefits:					
Other Employee Benefits		7,908	7,908	7,908	
Total	<u>\$ 68,996</u>	<u>2,162</u>	<u>71,158</u>	<u>71,158</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 68,996</u>	<u>\$ 2,162</u>	<u>\$ 71,158</u>	<u>\$ 71,158</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources	\$ 17,745		\$ 17,745	\$ 17,738	\$ (7)
State Sources	7,396		7,396	7,392	(4)
Federal Sources	551,640		551,640	477,725	(73,915)
<b>TOTAL REVENUES</b>	<b>\$ 576,781</b>	<b>\$ -</b>	<b>\$ 576,781</b>	<b>\$ 502,855</b>	<b>\$ (73,926)</b>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	\$ 70,402	\$ 2,753	\$ 73,155	\$ 71,035	\$ 2,120
Purchased Professional & Technical Services	7,128	1,172	8,300	6,608	1,692
Other Purchased Services	358,567		358,567	311,537	47,030
General Supplies	63,025	(5,378)	57,647	49,243	8,404
Textbooks	1,117		1,117	778	339
Totals	500,239	(1,453)	498,786	439,201	59,585
Support Services:					
Salaries	26,862		26,862	22,400	4,462
Personal Services Employee Benefits	8,941		8,941	8,941	
Purchased Professional & Technical Services	22,200	4,393	26,593	19,300	7,293
Other Purchased Services	16,300	(2,940)	13,360	10,775	2,585
Supplies & Materials	2,239		2,239	2,238	1
Total	76,542	1,453	77,995	63,654	14,341
<b>TOTAL EXPENDITURES</b>	<b>\$ 576,781</b>	<b>\$ -</b>	<b>\$ 576,781</b>	<b>\$ 502,855</b>	<b>\$ 73,926</b>

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 31,355,298	\$ 502,855
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		3,928
Outstanding Encumbrances Current Year		(6,644)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	30,830	
State Aid Receivable Current Year	(107,735)	
Total Revenues (GAAP Basis)	\$ 31,278,393	\$ 500,139
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 29,550,564	\$ 502,855
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		3,928
Outstanding Encumbrances Current Year		(6,644)
Total Expenditures (GAAP Basis)	\$ 29,550,564	\$ 500,139

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	NCLB Title I	NCLB Title IIA	NCLB Title III Immigrant	IDEA Basic	IDEA Preschool	ARRA- IDEA Basic	NJ Character Education	NJ Non Public	Local Grants	Totals
REVENUES										
Local Sources									\$ 17,738	\$ 17,738
State Sources							\$ 6	\$ 7,386		7,392
Federal Sources	\$ 22,615	\$ 28,931	\$ 3,976	\$ 381,775	\$ 13,845	\$ 26,583				477,725
<b>TOTAL REVENUES</b>	<b>\$ 22,615</b>	<b>\$ 28,931</b>	<b>\$ 3,976</b>	<b>\$ 381,775</b>	<b>\$ 13,845</b>	<b>\$ 26,583</b>	<b>\$ -</b>	<b>\$ 7,386</b>	<b>\$ 17,738</b>	<b>\$ 502,855</b>
EXPENDITURES										
Instruction:										
Salaries	\$ 17,754			\$ 19,056	\$ 11,342	\$ 22,383			\$ 500	\$ 71,035
Purchased Professional & Technical Services								\$ 6,608		6,608
Other Purchased Services				308,962					2,575	311,537
General Supplies	1,645	\$ 1,493	\$ 3,976	28,972	2,503		\$ 6		10,648	49,243
Textbooks								778		778
<b>Totals</b>	<b>19,399</b>	<b>1,493</b>	<b>3,976</b>	<b>356,990</b>	<b>13,845</b>	<b>22,383</b>	<b>6</b>	<b>7,386</b>	<b>13,723</b>	<b>439,201</b>
Support Services:										
Salaries		2,005		16,156		4,200			39	22,400
Personal Services										
Employee Benefits	3,000			5,941						8,941
Purchased Professional & Technical Services		18,850		450						19,300
Other Purchased Services	216	6,583							3,976	10,775
Supplies & Materials				2,238						2,238
<b>Total</b>	<b>3,216</b>	<b>27,438</b>	<b>-</b>	<b>24,785</b>	<b>-</b>	<b>4,200</b>	<b>-</b>	<b>-</b>	<b>4,015</b>	<b>63,654</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 22,615</b>	<b>\$ 28,931</b>	<b>\$ 3,976</b>	<b>\$ 381,775</b>	<b>\$ 13,845</b>	<b>\$ 26,583</b>	<b>\$ 6</b>	<b>\$ 7,386</b>	<b>\$ 17,738</b>	<b>\$ 502,855</b>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/12
			Prior Years	Current Year	
Construct Additions and Make Renovations to Four Elementary Schools	07/01/02	\$ 27,790,000	\$ 27,776,759	\$ 13,241	
Sewer Plant Improvements	06/30/06	1,460,000	1,187,620	272,380	
HVAC Improvements	03/11/08	1,044,000	1,021,069	22,931	
Roof Replacement at the Readington Middle School	03/11/08	840,000	596,132	243,868	
Paving Replacement at the Readington Middle School	03/11/08	480,000	343,993	136,007	
ROD 1-HVAC Upgrades	04/30/09	780,436	353,590		\$ 426,846
ROD 1-Boiler Replacements	04/30/09	1,521,120	1,009,464	37,037	474,619
Replacement of District Telephone System	06/30/11	132,471	129,746	2,725	
		<u>\$ 34,048,027</u>	<u>\$ 32,418,373</u>	<u>\$ 728,189</u>	<u>\$ 901,465</u>

READINGTON 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, 2012

Revenues and Other Financing Sources:	
State Sources-SCC Grant	\$ (293,927)
Total Revenues	<u>(293,927)</u>
Expenditures and Other Financing Uses:	
Transfer to Debt Service Fund	13,241
Return of Local Funding to General Fund	677,911
Purchased Professional & Technical Services	117
Construction Services	36,920
Total Expenditures	<u>728,189</u>
Change in Fund Balance	(1,022,116)
Fund Balance-Beginning	<u>1,923,581</u>
Fund Balance-Ending	<u>\$ 901,465</u>
 <u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 901,465
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	573,556
Budgetary Basis (Schedule K-4)	<u>(573,556)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u>\$ 901,465</u>
 <u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ (293,927)
Adjustment to GAAP Basis	<u>337,643</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u>\$ 43,716</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
2002 PROJECT TO CONSTRUCT ADDITIONS & MAKE RENOVATIONS TO  
FOUR ELEMENTARY SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Bond Proceeds	\$ 20,346,000		\$ 20,346,000	\$ 20,346,000
State Sources-NJ SDA Aid	7,443,912		7,443,912	7,443,912
Local Sources-Other	88		88	88
Total Revenues	<u>27,790,000</u>	<u>\$ -</u>	<u>27,790,000</u>	<u>27,790,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	2,662,626		2,662,626	2,662,626
Other Purchased Services	9,557		9,557	9,557
Equipment	33,019		33,019	33,019
Construction Services	25,057,140		25,057,140	25,057,140
Land Improvements	14,417		14,417	14,417
Transfer of Balance to Debt Service Fund		13,241	13,241	13,241
Total Expenditures	<u>27,776,759</u>	<u>13,241</u>	<u>27,790,000</u>	<u>27,790,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 13,241</u>	<u>\$ (13,241)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project Number	SP#202419
Project Number	SP#202420
Project Number	SP#202421
Project Number	SP#202422
Grant Date	01/16/04
Bond Authorization Date	07/01/02
Bonds Authorized	\$ 27,790,000
Bonds Issued	\$ 20,346,000
Original Authorized Cost	\$ 27,790,000
Reduced Authorized Cost	\$ -
Revised Authorized Cost	\$ 27,790,000
Percentage Completion	100%

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
SEWER PLANT IMPROVEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Outlay	\$ 1,460,000		\$ 1,460,000	\$ 1,460,000
Total Revenues	1,460,000	\$ -	1,460,000	1,460,000
Expenditures and Other Financing Uses:				
Legal Services	10,000		10,000	10,000
Purchased Professional & Technical Services	175,942		175,942	175,942
Other Purchased Services	5,900		5,900	5,900
Construction Services	987,433		987,433	987,433
Fees and Permits	8,345		8,345	8,345
Return of Local Funding to General Fund		272,380	272,380	272,380
Total Expenditures	1,187,620	272,380	1,460,000	1,460,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 272,380	\$ (272,380)	\$ -	\$ -
<u>Additional Project Information</u>				
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,460,000			
Reduced Authorized Cost	\$ -			
Revised Authorized Cost	\$ 1,460,000			
Percentage Completion	100%			

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
HVAC IMPROVEMENTS AT THREE BRIDGES AND WHITEHOUSE  
ELEMENTARY AND READINGTON MIDDLE SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Temporary Notes Financed in Debt Service Fund	\$ 1,044,000		\$ 1,044,000	\$ 1,044,000
Total Revenues	1,044,000	\$ -	1,044,000	1,044,000
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	91,096		91,096	91,096
Construction Services	929,973		929,973	929,973
Return of Local Funding to General Fund		22,931	22,931	22,931
Total Expenditures	1,021,069	22,931	1,044,000	1,044,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 22,931	\$ (22,931)	\$ -	\$ -

Additional Project Information

Project Number	4350-050-08-1000
Project Number	4350-060-08-1000
Project Number	4350-070-08-1000
Grant Date	N/A
Bonds Authorization Date	03/11/08
Bonds Authorized	\$ 1,044,000
Bonds Issued	\$ -
Original Authorized Cost	\$ 1,044,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,044,000
Percentage Completion	100%

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
ROOF REPLACEMENT AT READINGTON MIDDLE SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Temporary Notes Financed in Debt Service Fund	\$ 840,000		\$ 840,000	\$ 840,000
Total Revenues	<u>840,000</u>	<u>\$ -</u>	<u>840,000</u>	<u>840,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	66,807		66,807	66,807
Construction Services	529,325		529,325	529,325
Return of Local Funding to General Fund		243,868	243,868	243,868
Total Expenditures	<u>596,132</u>	<u>243,868</u>	<u>840,000</u>	<u>840,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 243,868</u>	<u>\$ (243,868)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project Number	4350-050-08-3000
Grant Date	N/A
Bonds Authorization Date	03/11/08
Bonds Authorized	\$ 840,000
Bonds Issued	\$ -
Original Authorized Cost	\$ 840,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 840,000
Percentage Completion	100%

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
PAVING REPLACEMENT AT READINGTON MIDDLE SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Temporary Notes Financed in Debt Service Fund	\$ 480,000		\$ 480,000	\$ 480,000
Total Revenues	480,000	\$ -	480,000	480,000
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	31,440		31,440	31,440
Construction Services	312,553		312,553	312,553
Return of Local Funding to General Fund		136,007	136,007	136,007
Total Expenditures	343,993	136,007	480,000	480,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 136,007	\$ (136,007)	\$ -	\$ -

Additional Project Information

Project Number	4350-050-08-2000
Grant Date	N/A
Bonds Authorization Date	03/11/08
Bonds Authorized	\$ 480,000
Bonds Issued	\$ -
Original Authorized Cost	\$ 480,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 480,000
Percentage Completion	100%

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
ROD 1 PROJECT-HVAC UPGRADES AT THREE BRIDGES AND WHITEHOUSE  
ELEMENTARY AND READINGTON MIDDLE SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ 639,000		\$ 639,000	\$ 639,000
State Sources-SDA Grant	141,483	\$ (47)	141,436	141,436
Total Revenues	<u>780,483</u>	<u>(47)</u>	<u>780,436</u>	<u>780,436</u>
Expenditures and Other Financing Uses:				
Legal Services				8,695
Purchased Professional & Technical Services	66,461		66,461	95,915
Construction Services	287,129		287,129	675,826
Total Expenditures	<u>353,590</u>	<u>-</u>	<u>353,590</u>	<u>780,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 426,893</u>	<u>\$ (47)</u>	<u>\$ 426,846</u>	<u>\$ -</u>

Additional Project Information

Project Number	4350-050-09-1001
Project Number	4350-060-09-1003
Project Number	4350-070-09-1004
Grant Date	04/30/09
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 780,436
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 780,436
Percentage Completion	45%

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
ROD 1 PROJECT-BOILER REPLACEMENT AT WHITEHOUSE  
ELEMENTARY AND READINGTON MIDDLE SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,089,000		\$ 1,089,000	\$ 1,089,000
State Sources-SDA Grant	726,000	\$ (293,880)	432,120	432,120
Total Revenues	<u>1,815,000</u>	<u>(293,880)</u>	<u>1,521,120</u>	<u>1,521,120</u>
Expenditures and Other Financing Uses:				
Legal Services	6,038		6,038	14,688
Purchased Professional & Technical Services	169,445	117	169,562	225,982
Construction Services	833,981	36,920	870,901	1,280,450
Total Expenditures	<u>1,009,464</u>	<u>37,037</u>	<u>1,046,501</u>	<u>1,521,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 805,536</u>	<u>\$ (330,917)</u>	<u>\$ 474,619</u>	<u>\$ -</u>

Additional Project Information

Project Number	4350-050-09-1002
Project Number	4350-070-09-1005
Grant Date	04/30/09
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,521,120
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,521,120
Percentage Completion	69%

READINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
REPLACEMENT OF DISTRICT TELEPHONE SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ 132,471		\$ 132,471	\$ 132,471
Total Revenues	132,471	\$ -	132,471	132,471
Expenditures and Other Financing Uses:				
Construction Services	129,746		129,746	129,746
Return of Local Funding to General Fund		2,725	2,725	2,725
Total Expenditures	129,746	2,725	132,471	132,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,725	\$ (2,725)	\$ -	\$ -

Additional Project Information

Project Number	Applied For
Grant Date	N/A
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 132,471
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 132,471
Percentage Completion	100%

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FUND NET ASSETS  
 ENTERPRISE FUNDS  
 JUNE 30, 2012

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash & Cash Equivalents	\$ 257,314	\$ 10,524	\$ 18,145	\$ 285,983
Due from Other Funds	9,096			9,096
Receivables from Other Governments:				
State	393			393
Federal	5,008			5,008
Inventory	8,680			8,680
Total Current Assets	<u>280,491</u>	<u>10,524</u>	<u>18,145</u>	<u>309,160</u>
Noncurrent Assets:				
Capital Assets	145,111			145,111
Less: Accumulated Depreciation	101,814			101,814
Total Noncurrent Assets	<u>43,297</u>	<u>-</u>	<u>-</u>	<u>43,297</u>
Total Assets	<u>323,788</u>	<u>10,524</u>	<u>18,145</u>	<u>352,457</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	13,647			13,647
Deferred Revenues	20,656	9,925	11,147	41,728
Total Liabilities	<u>34,303</u>	<u>9,925</u>	<u>11,147</u>	<u>55,375</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	43,297			43,297
Unrestricted	246,188	599	6,998	253,785
TOTAL NET ASSETS	<u>\$ 289,485</u>	<u>\$ 599</u>	<u>\$ 6,998</u>	<u>\$ 297,082</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	\$ 289,817			\$ 289,817
Daily Sales-Nonreimbursable Programs	221,752			221,752
Management Company Guaranteed Profit Provision	15,921			15,921
Summer Program Fees		\$ 13,375	\$ 10,560	23,935
Total Operating Revenues	<u>527,490</u>	<u>13,375</u>	<u>10,560</u>	<u>551,425</u>
Operating Expenses:				
Costs of Sales	287,223			287,223
Salaries	233,226	14,100	10,240	257,566
Employee Benefits	54,621	919	668	56,208
Purchased Professional Services	2,000			2,000
Purchased Property Services	14,439			14,439
Insurance	3,379			3,379
Management Fee	10,585			10,585
Other Purchased Services	6,685			6,685
General Supplies	36,993	694	446	38,133
Depreciation	8,506			8,506
Miscellaneous	70			70
Total Operating Expenses	<u>657,727</u>	<u>15,713</u>	<u>11,354</u>	<u>684,794</u>
Operating Income (Loss)	<u>(130,237)</u>	<u>(2,338)</u>	<u>(794)</u>	<u>(133,369)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,800			5,800
Federal Sources:				
National School Lunch Program	71,353			71,353
Food Donation Program	36,674			36,674
Interest	2,176			2,176
Total Nonoperating Revenues (Expenses)	<u>116,003</u>	<u>-</u>	<u>-</u>	<u>116,003</u>
Change in Net Assets	(14,234)	(2,338)	(794)	(17,366)
Net Assets, Beginning	<u>303,719</u>	<u>2,937</u>	<u>7,792</u>	<u>314,448</u>
Net Assets, Ending	<u>\$ 289,485</u>	<u>\$ 599</u>	<u>\$ 6,998</u>	<u>\$ 297,082</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 516,147	\$ 18,550	\$ 12,082	\$ 546,779
Payments to Employees	(25,849)	(14,100)	(10,240)	(50,189)
Payments for Employee Benefits	(2,158)	(919)	(668)	(3,745)
Payments to Food Service Management Company	(568,184)			(568,184)
Payments to Vendors	(26,368)	(694)	(446)	(27,508)
Net Cash Provided by (Used for) Operating Activities	<u>(106,412)</u>	<u>2,837</u>	<u>728</u>	<u>(102,847)</u>
Cash Flows from Noncapital Financing Activities:				
State Sources	6,340			6,340
Federal Sources	72,388			72,388
General Fund Interfund Activity	15,776			15,776
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>94,504</u>	<u>-</u>	<u>-</u>	<u>94,504</u>
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Assets	(21,540)	-	-	(21,540)
Cash Flows from Investing Activities:				
Interest Earned on Investments	2,176	-	-	2,176
Net Increase (Decrease) in Cash and Cash Equivalents	(31,272)	2,837	728	(27,707)
Cash and Cash Equivalents, July 1	288,586	7,687	17,417	313,690
Cash and Cash Equivalents, June 30	<u>\$ 257,314</u>	<u>\$ 10,524</u>	<u>\$ 18,145</u>	<u>\$ 285,983</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (130,237)	\$ (2,338)	\$ (794)	\$ (133,369)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	8,506			8,506
Federal Food Donation Program	36,674			36,674
(Increase) Decrease in Inventory	3,112			3,112
Increase (Decrease) in Accounts Payable	(26,232)			(26,232)
Increase (Decrease) in Deferred Revenue	1,765	5,175	1,522	8,462
Net Cash Provided by (Used for) Operating Activities	<u>\$ (106,412)</u>	<u>\$ 2,837</u>	<u>\$ 728</u>	<u>\$ (102,847)</u>

**FIDUCIARY FUND**

**DETAIL STATEMENTS**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

	Student Activity Agency Fund	Payroll Agency Fund	Totals
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 66,714	\$ 257,875	\$ 324,589
Due from Other Funds	5,049	1,992	7,041
<b>TOTAL ASSETS</b>	<u>\$ 71,763</u>	<u>\$ 259,867</u>	<u>\$ 331,630</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,625		\$ 1,625
Due to Student Groups	70,138		70,138
Accumulated Interest		\$ 2	2
Payroll Deductions & Withholdings		259,865	259,865
<b>TOTAL LIABILITIES</b>	<u>\$ 71,763</u>	<u>\$ 259,867</u>	<u>\$ 331,630</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 69,641	\$ 208,726	\$ 211,653	\$ 66,714
Due from Other Funds	2,882	5,049	2,882	5,049
<b>TOTAL ASSETS</b>	<b>\$ 72,523</b>	<b>\$ 213,775</b>	<b>\$ 214,535</b>	<b>\$ 71,763</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,107	\$ 1,625	\$ 3,107	\$ 1,625
Due to Student Groups:				
Holland Brook School	18,693	101,826	99,925	20,594
Readington Middle School	19,282	78,246	84,002	13,526
Three Bridges School	17,751	12,316	13,030	17,037
Whitehouse School	13,690	19,762	14,471	18,981
<b>TOTAL LIABILITIES</b>	<b>\$ 72,523</b>	<b>\$ 213,775</b>	<b>\$ 214,535</b>	<b>\$ 71,763</b>

READINGTON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 246,128	\$ 20,607,258	\$ 20,595,511	\$ 257,875
Due from Other Funds		1,992		1,992
<b>TOTAL ASSETS</b>	<u>\$ 246,128</u>	<u>\$ 20,609,250</u>	<u>\$ 20,595,511</u>	<u>\$ 259,867</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 210,282	\$ 8,667,234	\$ 8,617,664	\$ 259,852
Accumulated Interest	36	189	223	2
Net Payroll	35,810	11,941,827	11,977,624	13
<b>TOTAL LIABILITIES</b>	<u>\$ 246,128</u>	<u>\$ 20,609,250</u>	<u>\$ 20,595,511</u>	<u>\$ 259,867</u>

## **LONG-TERM DEBT SCHEDULES**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/11	Issued	Retired	Balance 06/30/12	
			Date	Amount						
NJ EDA Low Interest Loan	08/18/93	\$ 116,000	07/15/12	\$ 6,106	1.50%	\$ 18,316		\$ 6,105	\$ 12,211	
			07/15/13	6,105						
NJ EDA Small Projects Loan	08/18/93	348,000	07/15/12	24,680	5.29%	74,094		23,632	50,462	
			07/15/13	25,782						
School Bonds of 2002	07/01/02	20,346,000	07/15/12	710,000	4.375%	1,385,000		675,000	710,000	
Refunding School Bonds of 2004	10/01/04	10,640,000	01/01/13	435,000	5.000%	9,210,000			410,000	8,800,000
			01/01/14	455,000	3.375%					
			01/01/15	470,000	3.500%					
			01/01/16	490,000	3.650%					
			01/01/17	505,000	5.000%					
			01/01/18	530,000	5.000%					
			01/01/19	555,000	4.000%					
			01/01/20	575,000						
			01/01/21	600,000	4.125%					
			01/01/22	625,000	4.250%					
			01/01/23	650,000	4.200%					
			01/01/24	680,000	4.300%					
			01/01/25	710,000	5.000%					
			01/01/26	740,000						
			01/01/27	780,000						

READINGTON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/11	Issued	Retired	Balance 06/30/12
			Date	Amount					
Refunding School Bonds of 2006	12/14/06	\$ 10,000,000	07/15/12-		4.00%				
			07/15/14	\$ 30,000					
			07/15/15-						
			07/15/17	35,000					
			07/15/18	40,000					
			07/15/19	780,000					
			07/15/20	1,095,000					
			07/15/21	1,135,000					
			07/15/22	1,190,000					
			07/15/23	1,240,000					
			07/15/24	1,295,000					
			07/15/25	1,355,000					
07/15/26	1,355,000	\$ 9,710,000	\$ 30,000	\$ 9,680,000					
Refunding School Bonds of 2010	11/24/10	5,415,000	07/15/12	25,000	3.00%				
			07/15/13	765,000					
			07/15/14	790,000	1.625%				
			07/15/15	820,000	3.00%				
			07/15/16	850,000	4.00%				
			07/15/17	885,000	3.00%				
			07/15/18	935,000	4.00%				
			07/15/19	235,000	4.50%				
					5.00%				
					3.50%				
Totals						\$ 25,722,410	\$ -	\$ 1,164,737	\$ 24,557,673

READINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,183,349		\$ 2,183,349	\$ 2,183,349	
State Sources:					
Debt Service Aid State Support	7,732		7,732	7,732	
Total Revenues	<u>2,191,081</u>	<u>\$ -</u>	<u>2,191,081</u>	<u>2,191,081</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds & NJ EDA Loans	1,026,798		1,026,798	1,026,797	1
Redemption of Principal-Bonds & NJ EDA Loans	1,164,738		1,164,738	1,164,737	1
Total Expenditures	<u>2,191,536</u>	<u>-</u>	<u>2,191,536</u>	<u>2,191,534</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(455)	-	(455)	(453)	2
Other Financing Sources (Uses):					
Transfers In from Capital Projects Fund				13,241	13,241
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,241</u>	<u>13,241</u>
Net Change in Fund Balance	(455)	-	(455)	12,788	13,243
Fund Balance, July 1	<u>2,508</u>	<u>-</u>	<u>2,508</u>	<u>2,508</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,053</u>	<u>\$ -</u>	<u>\$ 2,053</u>	<u>\$ 15,296</u>	<u>\$ 13,243</u>
Recapitulation of Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses:					
Budgeted Fund Balance	<u>\$ (455)</u>	<u>\$ -</u>	<u>\$ (455)</u>	<u>\$ 12,788</u>	<u>\$ 13,243</u>

**STATISTICAL SECTION**

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

READINGTON TOWNSHIP SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GOVERNMENTAL ACTIVITIES</b>										
Invested in Capital Assets, Net of Related Debt	\$ 5,660,073	\$ 6,585,389	\$ 12,773,094	\$ 14,030,277	\$ 14,039,908	\$ 15,381,288	\$ 18,148,935	\$ 18,354,636	\$ 19,168,645	\$ 18,823,939
Restricted	622,233	869,921	444,699	1,123,465	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014
Unrestricted	1,200,264	2,090,144	1,807,823	930,872	3,314,361	1,126,691	1,415,899	965,065	725,876	1,384,773
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>										
<b>NET ASSETS</b>	<u>\$ 7,482,570</u>	<u>\$ 9,545,454</u>	<u>\$ 15,025,616</u>	<u>\$ 16,084,614</u>	<u>\$ 19,286,318</u>	<u>\$ 20,829,488</u>	<u>\$ 22,444,411</u>	<u>\$ 22,949,937</u>	<u>\$ 23,174,157</u>	<u>\$ 24,717,726</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Invested in Capital Assets, Net of Related Debt	\$ 51,315	\$ 45,925	\$ 41,999	\$ 35,764	\$ 29,571	\$ 23,378	\$ 29,764	\$ 37,872	\$ 30,263	\$ 43,297
Unrestricted	131,494	169,522	170,420	201,694	234,823	263,393	284,554	252,121	284,185	253,785
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 182,809</u>	<u>\$ 215,447</u>	<u>\$ 212,419</u>	<u>\$ 237,458</u>	<u>\$ 264,394</u>	<u>\$ 286,771</u>	<u>\$ 314,318</u>	<u>\$ 289,993</u>	<u>\$ 314,448</u>	<u>\$ 297,082</u>
<b>DISTRICT-WIDE</b>										
Invested in Capital Assets, Net of Related Debt	\$ 5,711,388	\$ 6,631,314	\$ 12,815,093	\$ 14,066,041	\$ 14,069,479	\$ 15,404,666	\$ 18,178,699	\$ 18,392,508	\$ 19,198,908	\$ 18,867,236
Restricted	622,233	869,921	444,699	1,123,465	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014
Unrestricted	1,331,758	2,259,666	1,978,243	1,132,566	3,549,184	1,390,084	1,700,453	1,217,186	1,010,061	1,638,558
<b>TOTAL DISTRICT-WIDE</b>	<u>\$ 7,665,379</u>	<u>\$ 9,760,901</u>	<u>\$ 15,238,035</u>	<u>\$ 16,322,072</u>	<u>\$ 19,550,712</u>	<u>\$ 21,116,259</u>	<u>\$ 22,758,729</u>	<u>\$ 23,239,930</u>	<u>\$ 23,488,605</u>	<u>\$ 25,014,808</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>EXPENSES</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 10,849,809	\$ 11,285,100	\$ 12,848,806	\$ 12,923,094	\$ 13,675,467	\$ 13,510,602	\$ 13,190,998	\$ 13,370,985	\$ 12,978,633	\$ 12,797,258
Special Education	2,340,781	2,479,694	2,739,974	3,281,165	3,234,525	3,834,363	3,869,467	3,990,987	4,256,991	4,357,246
Other Special Education	54,181	56,691	60,200	1,135,955	708,048	822,782	1,068,158	1,138,559	1,218,113	1,233,805
Other Instruction	165,580	172,665	176,689	245,359	201,116	243,486	300,984	288,351	307,976	367,467
Support Services:										
Tuition	663,570	548,075	601,488	596,012	689,358	794,673	533,058	553,980	724,867	495,464
Student & Instruction Related Services	3,287,269	3,558,949	3,634,831	3,813,832	4,225,803	4,629,712	4,817,680	5,135,703	4,595,912	4,841,487
General & Business Administrative Services	969,766	1,123,367	1,311,967	1,382,099	1,773,338	1,709,839	1,690,800	1,731,386	1,714,006	1,525,616
School Administration	1,361,690	1,569,663	1,466,720	1,613,554	1,583,155	1,611,821	1,544,345	1,694,551	1,635,008	1,654,804
Plant Operations & Maintenance	2,103,365	2,035,937	2,456,776	2,795,990	2,917,148	3,045,023	3,134,763	3,201,640	2,492,943	2,360,481
Pupil Transportation	1,771,125	1,857,902	1,990,520	1,876,084	1,945,539	2,364,779	2,413,981	2,163,025	2,124,628	1,947,401
Special Schools								16,072		
Transfer to Charter Schools			16,448	8,305	17,563					
Interest on Long Term Debt	1,540,586	1,488,263	1,242,299	1,351,924	1,100,234	1,233,751	1,222,922	1,147,982	1,062,815	1,047,243
Total Governmental Activities Expenses	<u>25,107,722</u>	<u>26,176,306</u>	<u>28,546,718</u>	<u>31,023,373</u>	<u>32,071,294</u>	<u>33,800,831</u>	<u>33,787,156</u>	<u>34,433,221</u>	<u>33,111,892</u>	<u>32,628,272</u>
Business-Type Activities:										
Food Services	495,685	528,399	573,101	596,617	654,574	652,762	661,060	686,536	649,107	657,727
Summer Programs						35,590	30,352	24,341	21,617	27,067
Total Business-Type Activities	<u>495,685</u>	<u>528,399</u>	<u>573,101</u>	<u>596,617</u>	<u>654,574</u>	<u>688,352</u>	<u>691,412</u>	<u>710,877</u>	<u>670,724</u>	<u>684,794</u>
<b>TOTAL DISTRICT EXPENSES</b>	<u>\$ 25,603,407</u>	<u>\$ 26,704,705</u>	<u>\$ 29,119,819</u>	<u>\$ 31,619,990</u>	<u>\$ 32,725,868</u>	<u>\$ 34,489,183</u>	<u>\$ 34,478,568</u>	<u>\$ 35,144,098</u>	<u>\$ 33,782,616</u>	<u>\$ 33,313,066</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 923	\$ 1,715	\$ 1,656	\$ 264		\$ 13,983	\$ 13,782	\$ 23,050	\$ 21,257	\$ 30,187
Special Education Instruction										22,418
Other Instruction		4,691								
Student & Instructional Related Services		160	182	84		398	157	474	40	
General & Business Administrative Services			3,650	27	\$ 9	41	4,656	2,851	50,000	50,000
Plant Operations & Maintenance	25,329	55,342	15,915	50,283	77,373	57,963	52,317	56,113	52,756	48,598
Pupil Transportation	36,081	39,145	29,669	30,048	19,561	23,775	28,920	33,197	5,985	21,028
Operating Grants & Contributions	468,432	224,011	723,059	199,829	542,850	802,395	544,617	703,907	681,329	500,139
Capital Grants & Contributions		806,120	5,904,644	767,539			230,036	263,681	265,594	43,716
<b>Total Governmental Activities Program Revenues</b>	<b>530,765</b>	<b>1,131,184</b>	<b>6,678,775</b>	<b>1,048,074</b>	<b>639,793</b>	<b>898,555</b>	<b>874,485</b>	<b>1,083,273</b>	<b>1,076,961</b>	<b>716,086</b>
Business-Type Activities:										
Charges for Services:										
Food Service	468,327	487,895	481,057	523,850	585,096	568,271	581,848	555,039	563,547	527,490
Summer Programs						40,042	33,350	24,650	21,220	23,935
Operating Grants & Contributions	69,187	73,142	88,140	97,330	96,414	99,913	96,710	105,648	109,288	113,827
<b>Total Business-Type Activities Program Revenues</b>	<b>537,514</b>	<b>561,037</b>	<b>569,197</b>	<b>621,180</b>	<b>681,510</b>	<b>708,226</b>	<b>711,908</b>	<b>685,337</b>	<b>694,055</b>	<b>665,252</b>
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<b>\$ 1,068,279</b>	<b>\$ 1,692,221</b>	<b>\$ 7,247,972</b>	<b>\$ 1,669,254</b>	<b>\$ 1,321,303</b>	<b>\$ 1,606,781</b>	<b>\$ 1,586,393</b>	<b>\$ 1,768,610</b>	<b>\$ 1,771,016</b>	<b>\$ 1,381,338</b>
<b>NET (EXPENSE) REVENUES</b>										
Governmental Activities	\$ (24,576,957)	\$ (27,415,534)	\$ (21,867,943)	\$ (29,975,299)	\$ (31,431,501)	\$ (32,902,276)	\$ (32,912,671)	\$ (33,349,948)	\$ (32,034,931)	\$ (31,912,186)
Business-Type Activities	41,829	(12,064)	(3,904)	24,563	26,936	19,874	20,496	(25,540)	23,331	(19,542)
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<b>\$ (24,535,128)</b>	<b>\$ (27,427,598)</b>	<b>\$ (21,871,847)</b>	<b>\$ (29,950,736)</b>	<b>\$ (31,404,565)</b>	<b>\$ (32,882,402)</b>	<b>\$ (32,892,175)</b>	<b>\$ (33,375,488)</b>	<b>\$ (32,011,600)</b>	<b>\$ (31,931,728)</b>

READINGTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 19,890,744	\$ 20,654,917	\$ 22,462,985	\$ 24,785,591	\$ 27,923,891	\$ 27,023,340	\$ 28,085,596	\$ 27,038,539	\$ 27,703,081	\$ 27,426,050
Property Taxes Levied for Debt Service	876,137	2,682,826	2,193,345	2,108,750	2,112,486	2,000,212	2,103,521	2,118,903	1,889,894	2,183,349
Unrestricted Grants & Contributions	3,216,213	3,531,721	3,623,971	3,901,630	4,857,784	5,092,380	4,219,457	4,617,847	2,995,051	3,660,562
Tuition Received	39,045	32,153								
Investment Earnings	362,956	192,058	172,609	204,263	257,320	258,834	86,279	28,904	25,829	51,050
Miscellaneous Income	35,804	11,656	92,754	24,063	25,032	72,558	26,253	30,116	89,905	117,490
Special Item-Prior Period Adjustment			(280,061)							
Special Item-Payment to Refunding Bond Agent			(918,748)		(546,679)				(444,609)	
Special Item-Gain (Loss) on Disposition of Assets	(780)	2,675	1,250	10,000	3,371	(1,878)	6,488	21,165		17,254
Total Governmental Activities	<u>24,420,119</u>	<u>27,108,006</u>	<u>27,348,105</u>	<u>31,034,297</u>	<u>34,633,205</u>	<u>34,445,446</u>	<u>34,527,594</u>	<u>33,855,474</u>	<u>32,259,151</u>	<u>33,455,755</u>
Business-Type Activities:										
Investment Earnings						2,503	2,384	1,102	1,045	2,176
Miscellaneous Income			876	476			4,667	113	79	
Special Item-Gain (Loss) on Trade In of Assets	(67)									
Total Business-Type Activities	<u>(67)</u>	<u>-</u>	<u>876</u>	<u>476</u>	<u>-</u>	<u>2,503</u>	<u>7,051</u>	<u>1,215</u>	<u>1,124</u>	<u>2,176</u>
TOTAL DISTRICT-WIDE	<u>\$ 24,420,052</u>	<u>\$ 27,108,006</u>	<u>\$ 27,348,981</u>	<u>\$ 31,034,773</u>	<u>\$ 34,633,205</u>	<u>\$ 34,447,949</u>	<u>\$ 34,534,645</u>	<u>\$ 33,856,689</u>	<u>\$ 32,260,275</u>	<u>\$ 33,457,931</u>
CHANGE IN NET ASSETS										
Governmental Activities	\$ (156,838)	\$ (307,528)	\$ 5,480,162	\$ 1,058,998	\$ 3,201,704	\$ 1,543,170	\$ 1,614,923	\$ 505,526	\$ 224,220	\$ 1,543,569
Business-Type Activities	41,762	(12,064)	(3,028)	25,039	26,936	22,377	27,547	(24,325)	24,455	(17,366)
TOTAL DISTRICT	<u>\$ (115,076)</u>	<u>\$ (319,592)</u>	<u>\$ 5,477,134</u>	<u>\$ 1,084,037</u>	<u>\$ 3,228,640</u>	<u>\$ 1,565,547</u>	<u>\$ 1,642,470</u>	<u>\$ 481,201</u>	<u>\$ 248,675</u>	<u>\$ 1,526,203</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 616,051	\$ 2,080,702	\$ 1,811,681	\$ 1,807,166	\$ 2,089,647	\$ 4,848,702	\$ 4,651,102	\$ 2,763,387	\$ 3,264,023	\$ 5,573,766
Unreserved	1,694,561	986,196	954,184	546,906	2,611,162	583,882	517,470	464,788	647,356	760,607
Total General Fund	<u>\$ 2,310,612</u>	<u>\$ 3,066,898</u>	<u>\$ 2,765,865</u>	<u>\$ 2,354,072</u>	<u>\$ 4,700,809</u>	<u>\$ 5,432,584</u>	<u>\$ 5,168,572</u>	<u>\$ 3,228,175</u>	<u>\$ 3,911,379</u>	<u>\$ 6,334,373</u>
All Other Governmental Funds:										
Reserved, Reported In:										
Capital Projects Fund	\$ 189,081	\$ 375,940			\$ 128,917	\$ 1,042,399	\$ 381,360	\$ 1,116,414	\$ 77,037	\$ 33,800
Unreserved, Reported In:										
Special Revenue Fund	(4,877)									
Capital Projects Fund	19,218,271	4,800,540	\$ 1,096,675	\$ 1,274,698	1,538,239	289,367	55,145	1,511,751	1,508,901	867,665
Debt Service Fund		44,234	53,547	27,919	139,471	8,580	41	455	2,508	15,296
Total All Other Governmental Funds	<u>\$ 19,402,475</u>	<u>\$ 5,220,714</u>	<u>\$ 1,150,222</u>	<u>\$ 1,302,617</u>	<u>\$ 1,806,627</u>	<u>\$ 1,340,346</u>	<u>\$ 436,546</u>	<u>\$ 2,628,620</u>	<u>\$ 1,588,446</u>	<u>\$ 916,761</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Tax Levy	\$ 20,766,881	\$ 23,337,743	\$ 24,656,330	\$ 26,894,341	\$ 30,036,377	\$ 29,023,552	\$ 30,189,117	\$ 29,157,442	\$ 29,592,975	\$ 29,609,399
Tuition Charges	39,045	32,153				8,921	13,650	23,050	21,104	52,605
Transportation Fees	36,081	38,395	29,669	26,623	18,266	23,327	28,920	32,058	2,340	3,240
Interest Earnings	362,956	192,058	172,609	204,263	257,320	258,834	86,279	28,904	25,829	51,050
Miscellaneous	75,104	59,507	112,904	55,215	94,081	70,373	89,887	110,723	107,123	105,781
State Sources	3,308,952	3,537,317	3,641,314	3,905,166	4,879,757	5,101,579	4,222,290	4,618,592	2,996,620	3,596,796
State Sources-Capital Projects		806,120	5,904,644	767,539			230,036	263,681	265,594	43,716
Federal Sources	362,645	202,406	691,872	179,786	518,436	778,437	519,609	667,274	666,366	550,742
<b>Total Revenues</b>	<b>24,951,664</b>	<b>28,205,699</b>	<b>35,209,342</b>	<b>32,032,933</b>	<b>35,804,237</b>	<b>35,265,023</b>	<b>35,379,788</b>	<b>34,901,724</b>	<b>33,677,951</b>	<b>34,013,329</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	8,446,902	8,580,714	9,797,210	9,840,839	9,961,869	9,619,521	9,717,006	9,473,762	9,197,202	8,923,049
Special Education Instruction	1,790,385	1,732,871	1,886,633	2,422,178	2,302,977	2,552,239	2,752,680	2,753,078	2,837,376	2,935,415
Other Special Instruction	42,100	43,110	45,270	835,782	501,983	572,837	752,258	799,152	836,210	834,278
School Sponsored/Other Instructional	132,998	130,172	141,369	193,233	158,377	187,533	229,070	210,693	219,503	257,875
<b>Support Services:</b>										
Tuition	362,962	548,075	229,448	538,846	404,181	388,057	112,998	22,972	342,118	186,502
Student & Instruction Related Services	2,500,202	2,750,550	2,844,471	2,884,706	2,952,976	3,259,066	3,520,906	3,655,341	3,253,594	3,390,964
General Administration	508,453	559,600	621,844	683,553	860,907	688,095	679,115	644,047	681,554	610,822
School Administration Services	1,058,811	1,112,500	1,156,865	1,237,748	1,135,626	1,130,523	1,181,275	1,208,303	1,142,257	1,173,417
Central Services	338,115	333,269	374,724	359,071	445,378	458,036	472,596	456,892	447,153	454,006
Administrative Information Technology			93,975	103,281	131,882	179,676	184,359	192,899	141,994	63,445
Plant Operations & Maintenance	1,818,920	1,681,126	2,229,080	2,451,734	2,572,666	2,688,078	2,748,294	2,750,409	2,208,103	2,071,894
Pupil Transportation	1,232,550	1,209,757	1,822,874	1,693,658	1,736,452	1,908,135	1,927,922	1,941,299	1,901,384	1,716,881
Employee Benefits	3,102,470	3,484,099	3,132,647	3,837,604	3,769,832	4,010,776	4,269,281	4,892,720	4,601,797	4,474,216
On-Behalf TPAF Pension & Social Security Contribution	1,149,737	1,304,869	1,478,487	1,707,422	2,648,848	2,814,709	2,001,933	2,024,497	2,053,485	2,394,144
Capital Outlay	252,614	123,491	485,953	410,427	456,517	1,365,238	487,562	320,360	80,839	18,521
Special Schools								16,072		
Transfers to Charter Schools			16,448	8,305	17,563					
Special Revenue Funds	473,309	227,296	723,059	199,829	542,850	802,395	544,617	703,907	681,329	500,139
Capital Projects Fund	1,503,704	15,155,112	10,200,214	750,502	351,721	335,390	2,853,297	436,021	1,211,976	37,037
<b>Debt Service:</b>										
Principal	247,527	658,185	885,872	774,561	1,000,330	901,130	916,977	3,326,837	1,163,763	1,164,737
Interest & Other Charges	628,610	1,999,053	1,307,435	1,369,052	1,143,202	1,238,126	1,203,254	1,215,112	1,107,132	1,071,932
<b>Total Expenditures</b>	<b>25,590,369</b>	<b>41,633,849</b>	<b>39,473,878</b>	<b>32,302,331</b>	<b>33,096,137</b>	<b>35,099,560</b>	<b>36,555,400</b>	<b>37,044,373</b>	<b>34,108,769</b>	<b>32,279,274</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(638,705)	(13,428,150)	(4,264,536)	(269,398)	2,708,100	165,463	(1,175,612)	(2,142,649)	(430,818)	1,734,055
<b>Other Financing Sources (Uses):</b>										
Deposit on Sale of Bonds										
Proceeds from Bond Issue & Refunding Bond Issue	20,346,000		10,640,000		10,000,000				5,415,000	
Premium on Bond Issue			235,570		22,326				458,457	
Temporary Notes Financed in Debt Service Fund								2,364,000		
Payments to Refunding Bond Escrow Agent			(10,703,748)		(9,902,679)				(5,799,609)	
Proceeds from Disposition of Capital Assets	3,657	2,675	1,250	10,000	23,000	54,000	7,800	30,326		17,254
Proceeds from Sale or Trade In of Supplies						46,031				
Transfers In (Out)										
<b>Total Other Financing Sources (Uses)</b>	<b>20,349,657</b>	<b>2,675</b>	<b>173,072</b>	<b>10,000</b>	<b>142,647</b>	<b>100,031</b>	<b>7,800</b>	<b>2,394,326</b>	<b>73,848</b>	<b>17,254</b>
<b>Net Change in Fund Balances</b>	<b>\$ 19,710,952</b>	<b>\$ (13,425,475)</b>	<b>\$ (4,091,464)</b>	<b>\$ (259,398)</b>	<b>\$ 2,850,747</b>	<b>\$ 265,494</b>	<b>\$ (1,167,812)</b>	<b>\$ 251,677</b>	<b>\$ (356,970)</b>	<b>\$ 1,751,309</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.82%</b>	<b>11.21%</b>	<b>8.25%</b>	<b>7.39%</b>	<b>7.11%</b>	<b>6.84%</b>	<b>6.82%</b>	<b>14.31%</b>	<b>7.43%</b>	<b>7.46%</b>

Source: District Records

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest Income	\$ 72,046	\$ 73,938	\$ 128,666	\$ 187,331	\$ 243,749	\$ 250,932	\$ 85,644	\$ 28,449	\$ 25,708	\$ 51,050
Tuition	39,045	32,153				8,921	13,650	23,050	21,104	52,605
Transportation Fees	36,081	38,395	29,669	26,623	18,266	23,327	28,920	32,058	2,340	3,240
Building Use Rental Income	31,110	28,557	15,915	24,860	77,373	40,351	47,948	53,224	46,821	39,495
Prior Year Refunds	20,560	8,269	1,406	8,700	7,805	11,102	11,305	149	765	7,875
Bid Spec Fees			3,500				4,600	2,800		
Insurance Claims								338		
Insurance Refunds/Rebates				3,645				15,037		
Fines	1,028			1,259	1,257					
Recycling Proceeds								1,225		
Sale of Surplus Equipment	363									
Donations	8,826	2,183					3,136			
Prior Year Outstanding Checks Canceled		504				3,578	300	562	3,112	35
Prior Year Accounts Payable Canceled			77,165					690		
E-Rate Telephone Rebates									43,026	42,498
Miscellaneous:										
Account Balances Cancelled							68			215
Grants		600	905							
Refunds				80		255	135			2,500
Other	169	100	169	76	205	328	220	810	5	
<b>Annual Totals</b>	<b>\$ 209,228</b>	<b>\$ 184,699</b>	<b>\$ 257,395</b>	<b>\$ 252,574</b>	<b>\$ 348,655</b>	<b>\$ 338,794</b>	<b>\$ 195,926</b>	<b>\$ 158,392</b>	<b>\$ 142,881</b>	<b>\$ 199,513</b>

Source: District Records

READINGTON TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vacant Land	\$ 46,244,200	\$ 41,741,706	\$ 39,301,400	\$ 40,094,700	\$ 36,031,500	\$ 34,914,260	\$ 33,696,200	\$ 34,795,800	\$ 27,970,300	\$ 25,304,300
Residential	2,074,019,000	2,097,754,600	2,105,634,700	2,123,314,500	2,137,249,000	2,151,444,900	2,154,643,100	2,172,275,700	2,075,417,700	2,024,958,200
Farm Regular	127,446,200	127,540,900	129,024,400	135,322,600	134,808,000	138,461,600	141,413,100	140,856,600	136,828,300	137,991,300
Q Farm	5,095,021	4,862,886	4,723,279	4,782,575	4,665,174	4,627,500	4,636,337	4,277,344	4,132,562	4,197,992
Commercial	488,386,350	488,293,250	486,627,050	486,047,800	479,132,100	452,457,800	454,458,300	434,530,900	436,529,600	435,330,900
Industrial	22,831,200	22,777,200	23,027,200	21,709,500	21,709,500	50,137,700	51,437,700	49,100,200	52,183,200	51,523,000
Apartment	2,097,600	2,097,600	2,067,600	2,067,600	2,067,600	1,281,400	1,281,400	1,193,900	1,193,900	1,111,400
<b>Total Assessed Value</b>	<b>2,766,119,571</b>	<b>2,785,068,142</b>	<b>2,790,405,629</b>	<b>2,813,339,275</b>	<b>2,815,662,874</b>	<b>2,833,325,160</b>	<b>2,841,566,137</b>	<b>2,837,030,444</b>	<b>2,734,255,562</b>	<b>2,680,417,092</b>
Public Utilities (a)	6,281,670	6,327,242	5,948,561	5,336,048	5,248,369	4,927,162	4,171,952	4,581,241	6,296,043	4,845,327
<b>Net Valuation Taxable</b>	<b>\$ 2,772,401,241</b>	<b>\$ 2,791,395,384</b>	<b>\$ 2,796,354,190</b>	<b>\$ 2,818,675,323</b>	<b>\$ 2,820,911,243</b>	<b>\$ 2,838,252,322</b>	<b>\$ 2,845,738,089</b>	<b>\$ 2,841,611,685</b>	<b>\$ 2,740,551,605</b>	<b>\$ 2,685,262,419</b>
Estimated Actual County Equal. Value	\$ 2,796,450,717	\$ 2,915,318,408	\$ 3,227,649,263	\$ 3,539,720,986	\$ 3,897,391,775	\$ 3,802,175,449	\$ 3,659,066,138	\$ 3,659,066,138	\$ 3,480,065,530	\$ 3,207,815,577
Percentage of Net Valuation to Estimated Actual County Equalized Value	99.14%	95.75%	86.64%	79.63%	72.38%	74.65%	77.77%	77.66%	78.75%	83.71%
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 0.81</b>	<b>\$ 0.86</b>	<b>\$ 0.92</b>	<b>\$ 1.01</b>	<b>\$ 1.05</b>	<b>\$ 1.04</b>	<b>\$ 1.04</b>	<b>\$ 1.04</b>	<b>\$ 1.08</b>	<b>\$ 1.09</b>

\*

Source: Municipal Tax Assessor

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

(a) Taxable value of machinery, implements and equipments of telephone and messenger system companies

(b) Tax rates are per \$100

\* Revalued/Reassessed

READINGTON TOWNSHIP SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate					Overlapping Rates		Total Direct & Overlapping Tax Rate
	(From J-6)			Regional School Rate	Municipality	County		
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate					
2003	* \$ 0.72	\$ 0.09	\$ 0.81	\$ 0.44	\$ 0.28	\$ 0.43	\$ 1.96	
2004	0.78	0.08	0.86	0.47	0.31	0.43	2.07	
2005	0.85	0.07	0.92	0.51	0.35	0.43	2.21	
2006	0.94	0.07	1.01	0.57	0.35	0.45	2.38	
2007	0.98	0.07	1.05	0.61	0.37	0.46	2.49	
2008	0.97	0.07	1.04	0.63	0.40	0.45	2.52	
2009	0.97	0.07	1.04	0.65	0.44	0.44	2.57	
2010	0.97	0.07	1.04	0.68	0.45	0.43	2.60	
2011	1.00	0.08	1.08	0.71	0.45	0.43	2.67	
2012	1.01	0.08	1.09	0.69	0.47	0.42	2.67	

Sources: Municipal Tax Collector

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

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

\* Revalued/Reassessed

READINGTON TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Merck & Co	\$ 215,399,200	1	8.02%	\$ 227,360,935	1	8.20%
Federal Insurance Co	55,507,800	2	2.07%	76,900,000	2	2.77%
Lamington River Farms	14,529,400	3	0.54%	14,534,085	3	0.52%
Individual Property Owner #1	9,845,000	4	0.37%			
Transcontinental Gas Pipeline	8,274,600	5	0.31%	8,334,400	4	0.30%
Stanton Golf Properties	7,492,500	6	0.28%			
Whitehouse Mall	6,587,400	7	0.25%	6,587,400	5	0.24%
Somerville Associates	5,700,000	8	0.21%	5,849,913	7	0.21%
Salem Realty II LLC	5,540,000	9	0.21%			
Bishop & Bishop Land Partnership	5,539,700	10	0.21%	5,433,100	9	0.20%
United Telephone Company of NJ				6,573,974	6	0.24%
Individual Property Owner #2				5,500,000	8	0.20%
Readington Farms Inc				4,433,700	10	0.16%
	<u>334,415,600</u>		<u>12.47%</u>	<u>361,507,507</u>		<u>13.04%</u>

Source: Municipal Tax Assessor

READINGTON TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2002	\$ 51,513,194	\$ 51,000,182	99.00%
2003	54,698,552	54,114,432	98.93%
2004	58,048,247	57,348,685	98.79%
2005	62,467,903	61,819,952	98.96%
2006	67,449,810	66,498,988	98.59%
2007	70,631,965	69,586,821	98.52%
2008	72,004,045	70,898,947	98.47%
2009	73,577,354	72,475,977	98.50%
2010	74,377,407	73,315,883	98.57%
2011	73,420,299	72,519,236	98.77%

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

(a)

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2003	\$ 31,435,053					\$ 31,435,053	3.37%	\$ 1,929
2004	30,776,868				\$ 2,347	30,779,215	3.23%	1,900
2005	30,738,008					30,738,008	3.16%	1,904
2006	29,963,447					29,963,447	3.11%	1,859
2007	29,607,117					29,607,117	2.84%	1,839
2008	28,705,987					28,705,987	2.60%	1,778
2009	27,789,010			\$ 2,364,000		30,153,010	2.67%	1,865
2010	26,826,173					26,826,173	2.53%	1,663
2011	25,722,410					25,722,410	2.38%	1,599
2012	24,557,673					24,557,673	N/A	1,527

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2003	\$ 31,435,053		\$ 31,435,053	1.13%	\$ 1,929
2004	30,776,868		30,776,868	1.10%	1,900
2005	30,738,008		30,738,008	1.10%	1,904
2006	29,963,447		29,963,447	1.06%	1,859
2007	29,607,117		29,607,117	1.05%	1,839
2008	28,705,987		28,705,987	1.01%	1,778
2009	27,789,010		27,789,010	0.98%	1,719
2010	26,826,173		26,826,173	0.94%	1,663
2011	25,722,410		25,722,410	0.94%	1,599
2012	24,557,673		24,557,673	0.91%	1,527

**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 J-14.

READINGTON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2011

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 63,571,831	100.00	\$ 63,571,831
Regional High School	20,453,000	35.10	7,179,429
County General Obligation Debt	83,215,385	14.59	<u>12,142,954</u>
Subtotal, Overlapping Debt			82,894,214
School District Direct Debt			<u>24,967,673</u>
Total Direct and Overlapping Debt			<u><u>\$ 107,861,887</u></u>

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION,  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis

2011	\$ 3,266,342,805
2010	3,602,578,342
2009	<u>3,634,645,865</u>
	<u>\$ 10,503,567,012</u>

Average Equalized Valuation of Taxable Property \$ 3,501,189,004

Debt Limit (3.0% of Average Equalization Value) \$ 105,035,670 (a)

Total Net Debt Applicable to Limit 24,557,673

Legal Debt Margin \$ 80,477,997

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 65,490,108	\$ 72,329,026	\$ 78,729,526	\$ 88,194,797	\$ 97,995,901	\$ 107,160,518	\$ 113,312,549	\$ 113,516,416	\$ 111,275,512	\$ 105,035,670
Total Net Debt Applicable	<u>38,879,053</u>	<u>37,449,140</u>	<u>31,505,635</u>	<u>30,730,986</u>	<u>30,285,245</u>	<u>31,748,115</u>	<u>30,849,138</u>	<u>27,504,301</u>	<u>26,400,538</u>	<u>24,557,673</u>
Legal Debt Margin	<u>\$ 26,611,055</u>	<u>\$ 34,879,886</u>	<u>\$ 47,223,891</u>	<u>\$ 57,463,811</u>	<u>\$ 67,710,656</u>	<u>\$ 75,412,403</u>	<u>\$ 82,463,411</u>	<u>\$ 86,012,115</u>	<u>\$ 84,874,974</u>	<u>\$ 80,477,997</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	59.37%	51.78%	40.02%	34.84%	30.90%	29.63%	27.22%	24.23%	23.73%	23.38%

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

Year	Population ( a )	Personal Income ( b )	Per Capita Personal Income ( c )	Unemployment Rate ( d )
2003	16,298	\$ 958,909,128	\$ 58,836	3.8%
2004	16,198	974,455,482	60,159	3.1%
2005	16,147	966,882,360	59,880	2.6%
2006	16,114	1,042,350,204	64,686	2.9%
2007	16,100	1,101,046,800	68,388	2.5%
2008	16,141	1,126,109,147	69,767	3.3%
2009	16,169	1,063,354,285	65,765	6.0%
2010	16,127	1,081,363,731	67,053	6.2%
2011	16,086	N/A	N/A	6.1%
2012	16,086	N/A	N/A	N/A

Sources:

- ( a ) Population information provided by the NJ Dept of Labor and Workforce Development
- ( b ) Personal income has been estimated based upon the municipal population and per capita personal income presented
- ( c ) Per capita personal income by county estimated based upon the 2010 census published by the US Bureau of Economic Analysis.
- ( d ) Unemployment data provided by the NJ Dept of Labor and Workforce Development

READINGTON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

READINGTON TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction:										
Regular	112.0	122.0	128.0	155.0	158.0	158.6	134.5	135.4	129.7	129.3
Special Education	36.0	36.0	36.0	61.0	56.0	64.4	56.8	63.2	58.8	50.4
Other Special Education	15.0	13.0	19.0	25.0	9.0	9.0	13.0	13.0	11.5	24.8
Support Services:										
Student and Instruction Related Services	35.0	49.0	44.0	52.0	54.0	38.3	48.4	50.0	41.0	46.0
General Administration	2.0	2.0	3.0	3.0	2.0	2.4	2.5	2.5	2.1	2.1
School Administration Services	17.0	17.0	17.0	20.0	18.0	18.0	17.0	18.0	15.5	15.5
Other Administrative Services	1.0	1.0	1.5	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	5.0	5.0	5.0	5.0	7.0	7.0	7.0	7.0	6.7	6.7
Administrative Information Technology	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	1.0
Plant Operations and Maintenance	22.0	24.0	24.0	30.0	30.0	28.0	31.0	28.0	13.0	12.6
Pupil Transportation	26.0	29.0	32.0	25.0	26.0	25.0	25.0	23.5	19.5	18.6
<b>Total</b>	<u>272.0</u>	<u>299.0</u>	<u>310.5</u>	<u>379.0</u>	<u>363.0</u>	<u>353.7</u>	<u>338.2</u>	<u>343.6</u>	<u>300.8</u>	<u>308.0</u>

Sources: District Personnel Records

READINGTON TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ( a )	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment ( ADE ) ( c )	Average Daily Attendance ( ADA ) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	2,193	\$ 22,957,914	\$ 10,469	5.33%	186	1 to 11.79	2,183.7	2,095.2	1.63%	95.95%
2004	2,235	23,698,008	10,603	1.28%	236	1 to 9.47	2,235.2	2,149.9	2.36%	96.18%
2005	2,271	26,594,404	11,710	10.44%	213	1 to 10.66	2,240.5	2,150.6	0.24%	95.99%
2006	2,283	28,997,789	12,702	8.46%	243	1 to 9.30	2,170.2	2,113.9	-3.14%	97.41%
2007	2,258	30,144,367	13,350	5.10%	248	1 to 9.10	2,237.7	2,149.8	3.11%	96.07%
2008	2,208	31,259,676	14,157	6.05%	250	1 to 8.83	2,254.7	2,170.1	0.76%	96.25%
2009	2,164	31,094,310	14,369	1.49%	230	1 to 9.41	2,033.1	1,969.4	-9.83%	96.87%
2010	2,097	31,746,043	15,139	5.36%	214	1 to 9.80	2,089.4	2,004.1	2.77%	95.92%
2011	2,040	30,545,059	14,973	-1.09%	209	1 to 9.76	2,030.5	1,953.2	-2.82%	96.19%
2012	1,955	29,987,047	15,339	2.44%	206	1 to 9.49	1,959.1	1,880.5	-3.52%	95.99%

Source: District Records

( a ) Operating expenditures equal total expenditures less debt service and capital outlay.

( b ) Teaching staff includes only full-time equivalents or certificated staff.

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

DISTRICT BUILDINGS	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary:										
<u>Whitehouse School (1916)</u>										
Square Feet	34,617	34,617	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (Students)	N/A	N/A	456	456	456	531	531	531	531	531
Enrollment	375	371	389	526	504	488	450	411	385	372
<u>Three Bridges School (1950)</u>										
Square Feet	37,399	37,399	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	N/A	N/A	345	345	345	445	445	445	445	445
Enrollment	327	329	326	435	444	438	414	415	382	373
<u>Holland Brook School (1999)</u>										
Square Feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	N/A	N/A	537	537	537	653	653	653	653	653
Enrollment	765	785	766	521	490	497	503	496	497	463
Middle:										
<u>Readington Middle School (1962)</u>										
Square Feet	88,049	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	N/A	N/A	667	667	667	832	832	832	832	832
Enrollment	716	741	760	787	796	764	771	743	763	742

Number of Schools at June 30, 2012

- Elementary = 3
- Middle School = 1
- Senior High School = 0
- Other = 0

Source: District Facilities Office  
N/A=Not Available

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE  
 LAST TEN FISCAL YEARS

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

Fiscal Year Ended	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2003	\$ 58,338	\$ 64,951	\$ 71,728	\$ 83,855	\$ 278,872
2004	29,908	24,619	54,349	163,714	272,590
2005	58,801	83,148	89,108	118,507	349,564
2006	109,515	91,687	101,128	158,830	461,160
2007	117,675	96,698	115,746	227,477	557,596
2008	142,786	136,058	143,337	185,722	607,903
2009	100,520	91,969	166,069	174,239	532,797
2010	108,313	112,045	204,589	206,633	631,580
2011	99,942	105,405	179,268	165,132	549,747
2012	115,270	100,249	142,749	177,767	536,035
	<u>\$ 941,068</u>	<u>\$ 906,829</u>	<u>\$ 1,268,071</u>	<u>\$ 1,661,876</u>	<u>\$ 4,777,844</u>

\*School facilities as defined under  
 EFCFA (NJAC 6A:26-1.2 &  
 NJAC 6:24-1.3)

READINGTON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents (Insurance Cooperative)	\$ 250,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	
Blanket Dishonesty Bond	500,000	1,000
Pollution Liability-School Alliance Insurance Fund through ACE Insurance Company:		
Claim Limit	1,000,000	10,000
School Board Legal Liability-School Alliance Insurance Fund through National Union Fire Insurance Company of Pittsburgh PA:		
Policy Limit	5,000,000	5,000
Worker's Compensation-School Alliance Insurance Fund:		
Per Accident, Disease and Disease Limit	5,000,000	
Excess Liability-School Alliance Insurance Fund:		
Policy Limit	5,000,000	
Public Employees' Faithful Performance-Selective Insurance Company:		
Treasurer of School Monies Bond	250,000	
Business Administrator's Bond	250,000	

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

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

November 28, 2012

Honorable President and  
Members of the Board of Education  
Readington Township School District  
County of Hunterdon, New Jersey

We have audited the financial statements of the Board of Education of the Readington School District in the County of Hunterdon as of and for the year ended June 30, 2012, and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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 previously.

#### Compliance and Other Matters

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

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



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

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

November 28, 2012

Honorable President and  
Members of the Board of Education  
Readington Township School District  
County of Hunterdon, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Readington School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and 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, 2012. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

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

In our opinion the Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

## Internal Control Over Compliance

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

A 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 program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Education, others within the entity, the New Jersey Department of Education, 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.



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

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2012		
											Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education:													
General Fund:													
Education Jobs Fund	84.410A	ARRA-435011	\$ 71,158	08/10/2010-09/30/2012	\$ -	\$ -	\$ 71,158	\$ 71,158	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund:													
US Department of Education Passed Through													
State Department of Education:													
NCLB Title I Part A	84.010A	NCLB-435011	25,106	09/01/2010-08/31/2011	(24,845)		25,106	261					
NCLB Title I Part A	84.010A	NCLB-435012	27,090	09/01/2011-08/31/2012			12,795	22,354			(14,295)	4,736	
NCLB Title II Part A	84.367A	NCLB-435011	30,245	09/01/2010-08/31/2011	(28,239)		30,245	2,006					
NCLB Title II Part A	84.367A	NCLB-435012	28,444	09/01/2011-08/31/2012			17,693	26,925			(10,751)	1,519	
NCLB Title II Part D	84.318X	NCLB-435011	55	09/01/2010-08/31/2011	(55)		55						
NCLB Title III Immigrant	84.365A	NCLB-435012	3,976	09/01/2011-08/31/2012				3,976			(3,976)		
IDEA Basic	84.027	IDEA-435011	412,655	09/01/2010-08/31/2011	(227,066)		257,122	30,056					
IDEA Basic	84.027	IDEA-435012	418,882	09/01/2011-08/31/2012			283,077	351,719			(135,805)	67,163	
IDEA Preschool	84.173	IDEA-435011	14,385	09/01/2010-08/31/2011	(8,768)		8,768						
IDEA Preschool	84.173	IDEA-435012	14,342	09/01/2011-08/31/2012			10,694	13,845			(3,648)	497	
ARRA IDEA Basic	84.391	ARRA-435010	434,281	07/01/2009-08/31/2011	(4,650)		31,233	26,583					
Total Special Revenue Fund					(293,623)	-	676,788	477,725	-	-	(168,475)	73,915	-

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

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

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2012			
											Accounts Receivable	Deferred Revenue	Due to Grantor	
US Department of Agriculture Passed Through State Department of Agriculture: Enterprise Fund:														
Food Donation Program	10.550	N/A	\$ 32,491	07/01/2010-06/30/2011	\$ 5,298			\$ 5,298						
Food Donation Program	10.550	N/A	33,863	07/01/2011-06/30/2012			\$ 33,863	31,376				\$ 2,487		
National School Lunch Program	10.555	N/A	69,232	07/01/2010-06/30/2011	(6,043)		6,043							
National School Lunch Program	10.555	N/A	71,353	07/01/2011-06/30/2012			66,345	71,353				\$ (5,008)		
Total Enterprise Fund					(745)	\$ -	106,251	108,027	\$ -	\$ -		(5,008)	2,487	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (294,368)	\$ -	\$ 854,197	\$ 656,910	\$ -	\$ -		\$ (173,483)	\$ 76,402	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2011		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2012			MEMO		
				Deferred Rev. (Accts. Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
<b>State Department of Education</b>														
General Fund:														
Categorical Special Education Aid	12-495-034	\$ 1,090,393	07/01/2011-											
	-5120-089		06/30/2012			\$ 1,090,393	\$ 1,090,393					\$ 103,094	\$ 1,090,393	
Categorical Security Aid	12-495-034	49,083	07/01/2011-											
	-5120-084		06/30/2012			49,083	49,083					4,641	49,083	
Extraordinary Aid	11-100-034	248,069	07/01/2010-											
	-5120-473		06/30/2011	\$ (248,069)		248,069							248,069	
Extraordinary Aid	12-100-034	114,077	07/01/2011-											
	-5120-473		06/30/2012				114,077		\$ (114,077)				114,077	
Nonpublic Transportation Aid	11-495-034	15,098	07/01/2010-											
	-5120-014		06/30/2011	(15,098)		15,098							15,098	
Nonpublic Transportation Aid	12-495-034	10,440	07/01/2011-											
	-5120-014		06/30/2012				10,440		(10,440)				10,440	
TPAF Wage Freeze Aid	11-495-034	431	07/01/2010-											
	-5095-002		06/30/2011	(216)		216							431	
Anti-Bullying Bill of Rights Act Aid	N/A	440	07/01/2011-											
			06/30/2012			440	440						440	
On-Behalf TPAF Pension Contribution-Post Retirement Medical	12-495-034	907,586	07/01/2011-											
	-5095-001		06/30/2012			907,586	907,586						907,586	
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	12-495-034	43,754	07/01/2011-											
	-5095-007		06/30/2012			43,754	43,754						43,754	
On-Behalf TPAF Pension Contribution-Normal Costs and Accrued Liability	12-495-034	407,722	07/01/2011-											
	-5095-006		06/30/2012			407,722	407,722						407,722	
Reimbursed TPAF Social Security Contribution	11-495-034	1,071,039	07/01/2010-											
	-5095-002		06/30/2011	(52,607)		52,607							1,071,039	
Reimbursed TPAF Social Security Contribution	12-495-034	1,035,082	07/01/2011-											
	-5095-002		06/30/2012			983,418	1,035,082		(51,664)				1,035,082	
<b>Total General Fund</b>				<b>(315,990)</b>	<b>\$ -</b>	<b>3,798,386</b>	<b>3,658,577</b>	<b>\$ -</b>	<b>(176,181)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>107,735</b>	<b>4,993,214</b>	
Special Revenue Fund:														
Character Education Partnership Initiative	06-495-034	6,028	07/01/2005-											
	-5120-053		06/30/2006	6			6						6,028	
Nonpublic Textbook Aid	11-100-034	796	07/01/2010-											
	-5120-064		06/30/2011		796				796					
Nonpublic Textbook Aid	12-100-034	782	07/01/2011-											
	-5120-064		06/30/2012			782	778				4		778	
Nonpublic Nursing	12-100-034	1,117	07/01/2011-											
	-5120-070		06/30/2012			1,117	1,117						1,117	
Nonpublic Handicapped Aid Examination and Classification	12-100-034	2,252	07/01/2011-											
	-5120-066		06/30/2012			2,252	2,252						2,252	
Nonpublic Handicapped Aid Corrective Speech	12-100-034	3,239	07/01/2011-											
	-5120-066		06/30/2012			3,239	3,239						3,239	
Nonpublic Handicapped Aid Corrective Speech	11-100-034	782	07/01/2010-											
	-5120-066		06/30/2011		156			156					626	
<b>Total Special Revenue Fund</b>				<b>6</b>	<b>952</b>	<b>7,390</b>	<b>7,392</b>	<b>952</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>14,040</b>	
Debt Service Fund:														
Debt Service Aid-State Support	12-495-034	7,732	07/01/2011-											
	-5120-017		06/30/2012	-	-	7,732	7,732	-	-	-	-	-	7,732	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2011		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2012			MEMO	
				Deferred Rev. (Accts. Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education (Continued)</u>													
NJ School Development Authority:													
Capital Projects Fund:													
2002 Facilities Construction Project:													
Readington Middle School	SP#202420	\$ 3,453,447	N/A	\$ (673,422)		\$ 673,422							\$ 3,453,447
Holland Brook Elementary	SP#202419	94,117	N/A	(4,706)		4,706							94,117
ROD 1-HVAC Upgrades Project:													
Readington Middle School	4350-050-09-1001	218,000	N/A	(62,946)			\$ (22)		\$ (62,924)				62,924
Three Bridges Elementary School	4350-060-09-1003	138,000	N/A	(41,407)			(13)		(41,394)				41,394
Whitehouse Elementary School	4350-070-09-1004	70,000	N/A	(37,130)			(12)		(37,118)				37,118
ROD 1-Boiler Replacement Project:													
Readington Middle School	4350-050-09-1002	552,000	N/A	(552,000)			(195,941)		(356,059)				356,059
Whitehouse Elementary School	4350-070-09-1005	174,000	N/A	(174,000)			(97,939)		(76,061)				76,061
Total Capital Projects Fund				(1,545,611)	\$ -	678,128	(293,927)	\$ -	(573,556)	\$ -	\$ -	\$ -	4,121,120
<u>State Department of Agriculture</u>													
Enterprise Fund:													
State School Lunch Program	11-100-010 -3350-023	6,730	07/01/2010- 06/30/2011	(933)		933			(393)				6,730
State School Lunch Program	12-100-010 -3350-023	5,800	07/01/2011- 06/30/2012			5,407	5,800						5,800
Total Enterprise Fund				(933)	-	6,340	5,800	-	(393)	-	-	-	12,530
TOTAL STATE FINANCIAL ASSISTANCE				\$ (1,862,528)	\$ 952	\$ 4,497,976	\$ 3,385,574	\$ 952	\$ (750,130)	\$ -	\$ 4	\$ 107,735	\$ 9,148,636

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2012

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented 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 Notes 1 (C) and 1 (D) to the Board's basic financial statements.

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

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$76,905) for the general fund, (\$2,716) for the special revenue fund and \$337,643 for the capital projects funds. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds and Exhibit F-2 for the capital projects fund.

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 71,158	\$ 3,581,672	\$ 3,652,830
Special Revenue Fund	\$ 13,163	479,584	7,392	500,139
Capital Projects Fund			43,716	43,716
Debt Service Fund			7,732	7,732
Food Service Fund		108,027	5,800	113,827
	<u>\$ 13,163</u>	<u>\$ 658,769</u>	<u>\$ 3,646,312</u>	<u>\$ 4,318,244</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2012  
(Continued)

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

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

**NOTE 5. OTHER**

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

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Noncompliance Material to General Purpose Financial Statements Noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Type of Auditor's Report Issued on Compliance for Major Programs? Unqualified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes X No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
84.027	\$ 381,775	IDEA Basic

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \$300,000

Auditee qualified as a low-risk auditee  X  Yes   No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee  X  Yes   No

Type of Auditor's Report Issued on Compliance  
for Major Programs: Unqualified

Internal Control Over Major Programs:

1. Material weakness(es) identified?   Yes  X  No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?   Yes  X  No

Any Audit Findings Disclosed that are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 04-04?   Yes  X  No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
12-495-034-5120-089	\$ 1,090,393	Categorical Special Education Aid
12-495-034-5095-002	1,035,082	Reimbursed TPAF Social Security Aid

READINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2012.

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

There were no findings or questioned costs for the year ended June 30, 2012.

READINGTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

K-7

There were no prior year findings or questioned costs.