

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

**Wallington, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Wallington Board of Education**

**Wallington, New Jersey**

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

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

BOARD OF EDUCATION  
WALLINGTON, N.J. 07057

JOSEPH BRUNACKI III  
BUSINESS ADMINISTRATOR  
BOARD SECRETARY

JEFFERSON SCHOOL  
(973) 777-4151  
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November 5, 2012

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Wallington School District for the fiscal year ended June 30, 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 this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, E.S.L., as well as special education for handicapped youngsters. The District's Oct. 15, 2011 state aid student count was 1,205 students.

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

1996-97	- 137	"at risk" students
1997-98	- 140	"at risk" students
1998-99	- 124	"at risk" students
1999-00	- 118	"at risk" students
2000-01	- 108	"at risk" students
2001-02	- 105	"at risk" students
2002-03	- 155	"at risk" students
2003-04	- 155	"at risk" students
2004-05	- 184	"at risk" students
2005-06	- 191	"at risk" students
2006-07	- 232	"at risk" students
2007-08	- 230	"at risk" students
2008-09	- 248	"at risk" students
2009-10	- 306	"at risk" students
2010-11	- 321	"at risk" students
2011-12	- 348	"at risk" students

3. **MAJOR INITIATIVES:** The District's H.S.P.A. (grade 11) and NJ ASK (grades 3, 4, 5, 6, 7 and 8) results continue to compare favorably to other reference groups (i.e. national, state, county, D.F.G., etc.). The Department of Education increased the level of success needed for proficiency on all NCLB tests across all levels resulting in an increase of students in need of Basic Skills instruction, and the high School not meeting AYP in the Language section of the HSPA tests. Although we still compare favorably to the groups mentioned above, this resulted in the formulation of many initiatives to increase test scores to the new minimum levels which will now be well above past performance levels. Our district goal in Language Arts Literacy is as follows:

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

District Test Results vs. State Benchmarks are as follows:

	<b>Wallington</b>	<b>State Benchmark</b>
Mathematics	<i>percentage passing</i>	
Grade 3	72.6	83
Grade 4	75.8	83
Grade 5	88.4	83
Grade 6	81.9	80
Grade 7	63.2	80
Grade 8	71.6	80
Grade 11	91.5	86
Language	<i>percentage passing</i>	
Grade 3	60.4	79
Grade 4	55.8	79
Grade 5	59.3	79
Grade 6	72.9	86
Grade 7	62.6	86
Grade 8	84.4	86
Grade 11	92.6	92

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

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

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

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

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

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

Paid experiences do not qualify.

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

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

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

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

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

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

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

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

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

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

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

D. The percentage of 2012 graduates who planned on attending post-secondary school educational programs remains level for our 2011 graduates at 93%. More than 97% of our seniors in September 2011 graduated by Aug. 31, 2012. Our goal, as always, is for 100% of our graduates to attend a post-secondary program.

E. Core Curriculum Content Standards - Our courses of study in math, science, language arts and visual & performing arts were all revised in accordance with the deadlines issued by the NJDOE. The district's "mapping" updates occur on a yearly basis, and ensure alignment with the most current standards. The scope and sequence of instruction was being correlated to the NJ ASK 3, 4, 5, 6, 7 and 8, HSPA and identified

district goals. The maps were revised for 2011-12 based on an analysis of each area during the 2010-11 school year. The district has a person who assists the superintendent in analyzing and revising the curriculum. The curriculum will continue to be reviewed annually regarding the CCCS and State Assessments, and revised accordingly.

F. Facilities - We continue to enact a major initiative to relieve the pressure of enrollment growth at the elementary school level. Modular structures still provide for four additional classrooms at Jefferson School. We have requested, and received approval for an extension to use these "temporary facilities." This has enabled us to reinstate our library and special services program in Jefferson School. The board of education and governing body are in discussion concerning property to build a new elementary school which would house all students pre-K to grade 3.

Every classroom and office in the district is Internet accessible. A full functioning fiber optic network was is in place . Our bandwidth was upgraded to allow for faster access with full multimedia capabilities. ([www.wboe.org](http://www.wboe.org)) is updated continuously and will be maintained by the Technology Coordinator along with staff members in training. The website is undergoing a major redesign with the focus on increased parental access. We now have a fully functioning parent portal which allows parents to see their child's progress, and become our partners in educating their children.

A renovation of an old former industrial arts facility in the junior-senior high school is now complete, as we are currently utilizing this state-of-the-art lecture room.

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

- Conversion of an old industrial arts area into a classroom and central office suite. Completed 9/2012
- Addition to the Jefferson School (nine classrooms, a media center and an all-purpose room). (Approval is pending)
- Work on the athletic fields. (currently utilizing field and addressing seating issues.
- The high school HVAC system is now functional.
- A district-wide emphasis on technology continues with the addition of smart board/interactive white board units. A staff support system to promote integration of this technologies into lessons is being enhanced. We have upgraded our website with a major focus on increased parental access to student information and ultimately increased parental involvement.

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. The system was purchased from Edumet.
7. **DEBT ADMINISTRATION:** At June 30, 2012, the District's outstanding debt issues included \$2,795,896.45 in bonds and loans payable.
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with their Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
10. **OTHER INFORMATION:**
  - A. **Independent Audit** - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP CPA, RMA has been appointed by the Board for our annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, as amended, and the related OMB Circular A-133 and state Treasury OMB Circular Letter 04-04. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Wallington School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

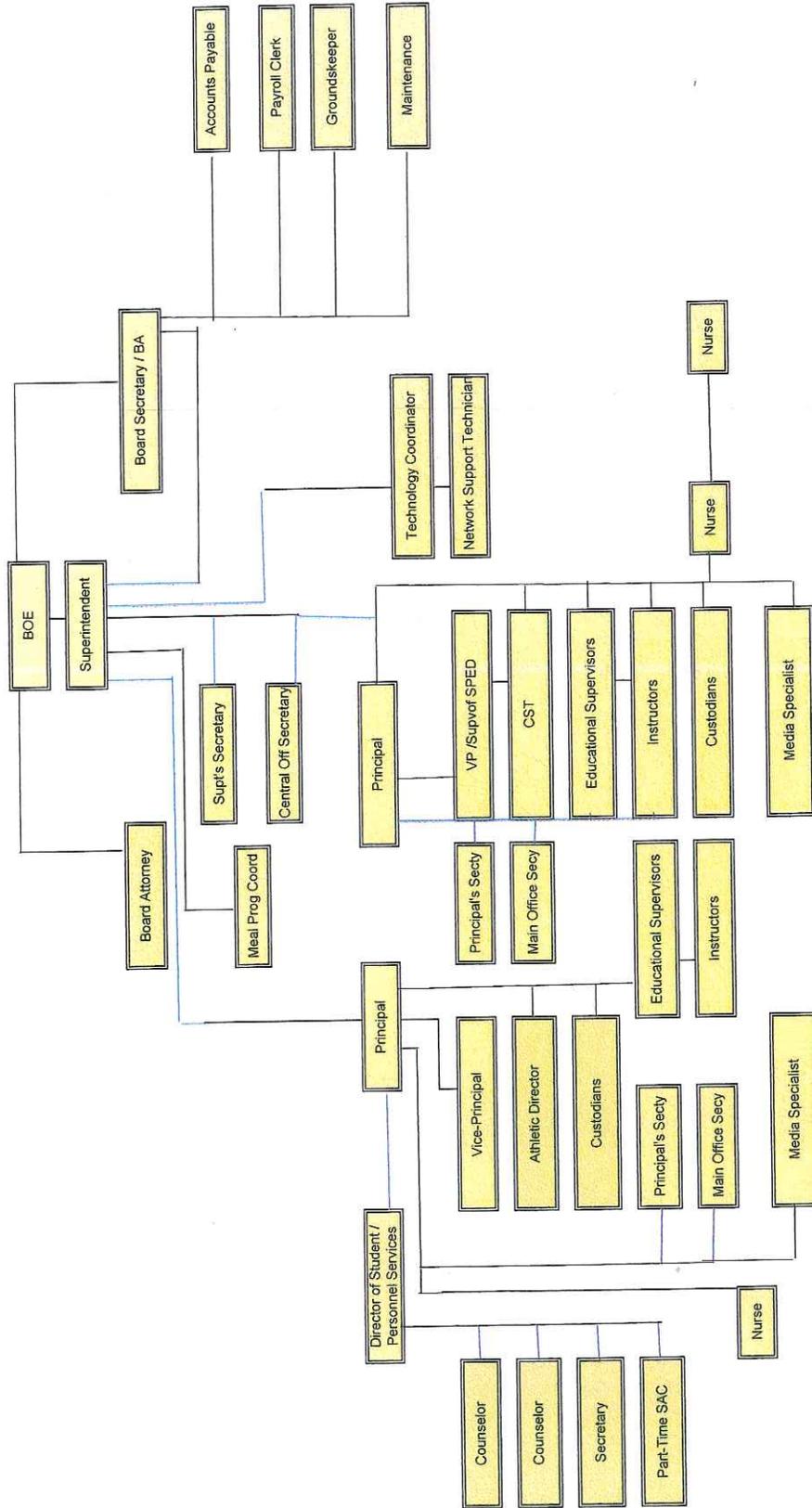


Al Pecora  
Superintendent of Schools



Joseph C. Brunacki III  
Board Secretary/Business

Wallington Public Schools - Organization Chart 7/9/2012



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

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Robert DeFilippis, President	2013
Billy Ricci, Jr., Vice President	2013
Michael Labriola	2013
Pat Severino	2015
Bobby Ristovski	2015
David Pinto	2015
Joseph C. Smith	2014
Matthew Palmer	2014
Charles Vellis	2014

**Other Officials**

Mr. Albert Pecora, Superintendent  
Joseph Brunacki III, Board Secretary/School Business Administrator  
Walter Slomienski, Esq., Solicitor

**WALLINGTON BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
Certified Public Accountants  
Registered Municipal Accountants  
17-17 Route 208 North  
Fair Lawn, New Jersey 07410

**Architect**

Architects Alliance  
111 Mulberry Street  
Newark, NJ 07102

**Attorney**

Walter Slominski  
112 Locust Avenue  
Wallington, NJ 07057

**Official Depository**

TD Banknorth  
357 Paterson Avenue  
Wallington, NJ 07057

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

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DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITOR'S REPORT

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

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

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

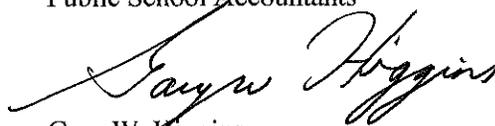
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2012 on our consideration of the Wallington Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 5, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

The discussion and analysis of the Wallington School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

**Financial Highlights**

- In total, net assets increased \$403,501.
- General revenues accounted for \$15,034,197 in revenue or 83 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$3,036,744 or 17 percent of total revenues of \$18,070,941.
- Total net assets of governmental activities amounted to \$5,426,683 as of June 30, 2012.
- The District had \$17,523,332 in expenses related to governmental activities; only \$2,882,419 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,034,197 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$17,027,665 in revenues and \$16,644,147 in expenditures. The General Fund's fund balance increased \$383,518 from 2011.

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

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

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Wallington School District, the General Fund is by far the most significant fund.

**Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2012?" The *Statement of Net Assets* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**Enterprise Fund**

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

**Notes to the Basic Financial Statements**

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

**The District as a Whole**

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

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

**The District as a Whole (Continued)**

Table 1 provides a summary of the District's net assets as of June 30, 2012 and 2011.

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

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,764,592	\$ 3,290,354
Capital Assets, net of accumulated depreciation	<u>7,257,651</u>	<u>5,529,703</u>
Total Assets	<u>9,022,243</u>	<u>8,820,057</u>
<b>Liabilities</b>		
Long-term Liabilities	3,267,068	3,450,447
Other Liabilities	<u>286,820</u>	<u>304,756</u>
Total Liabilities	<u>3,553,888</u>	<u>3,755,203</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	4,746,984	2,828,362
Restricted	560,237	2,141,050
Unrestricted	<u>161,134</u>	<u>95,442</u>
Total Net Assets	<u>\$ 5,468,355</u>	<u>\$ 5,064,854</u>

The District's combined net assets were \$5,468,355 and \$5,064,854 on June 30, 2012 and 2011, respectively. This reflects an increase of 8 percent from the prior year.

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

Table 2 shows changes in net assets for fiscal years ended June 30, 2012 and 2011.

**Table 2**  
**Net Assets**

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Program Revenues:		
Charge for Services	\$ 122,749	\$ 34,989
Grants and Contributions	2,913,995	4,194,989
General Revenues:		
Property Taxes	12,941,802	12,589,753
Unrestricted State and Federal Aid	2,043,106	1,803,979
Other	49,289	117,368
Total Revenues	18,070,941	18,741,078
 <b>Program Expenses</b>		
Instruction	11,043,985	10,451,275
Support Services:		
Pupils and Instructional Staff	2,315,953	2,077,851
General Administration, School Administration, Business/Central Operations and Maintenance of Facilities	3,729,508	3,546,806
Pupil Transportation	312,217	432,642
Interest on Debt	121,669	128,880
Food Service	144,108	160,846
Total Expenses	17,667,440	16,798,300
 Change in Net Assets	 \$ 403,501	 \$ 1,942,778

**Governmental Activities**

The unique nature of funding public schools primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District's operations. The District's total revenues of governmental activities were \$17,916,616 and \$18,597,543 for the years ended June 30, 2012 and 2011, respectively. Property taxes made up 72 and 68 percent of revenues for governmental activities for the Wallington School District for fiscal years 2012 and 2011, respectively. Federal, state and local grants accounted for another 27 and 32 percent of revenue for fiscal years ended June 30, 2012 and 2011, respectively.

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

**Governmental Activities (Continued)**

The total cost of all programs and services was \$17,523,332 and \$16,637,454 for the fiscal years ended June 30, 2012 and 2011, respectively. Instruction comprised 63 percent of governmental program expenses for both of the fiscal years ended June 30, 2012 and 2011. Support service expenses make up 36 percent of governmental expenses for both of the fiscal years ended June 30, 2012 and 2011. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 11,043,985	\$ 10,451,275	\$ 8,659,237	\$ 8,275,951
Support Services:				
Pupils and Instructional Staff	2,315,953	2,077,851	1,915,306	1,711,228
General Administration, School Admin., Business- Central, Operation and Maintenance of Facilities	3,729,508	3,546,806	3,633,857	2,010,354
Pupil Transportation	312,217	432,642	312,217	425,780
Interest on Debt	<u>121,669</u>	<u>128,880</u>	<u>120,296</u>	<u>127,412</u>
Total Expenses	<u>\$ 17,523,332</u>	<u>\$ 16,637,454</u>	<u>\$ 14,640,913</u>	<u>\$ 12,550,725</u>

**Business-Type Activities**

The only business-type activity is the food service operation. The program had revenues of \$154,325 and expenses of \$144,108 in fiscal year 2012. Of the revenues, \$34,644 were charges for services paid by patrons for daily food service, \$119,681 was from State and Federal reimbursements.

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$17,916,616 and expenditures were \$19,420,878 for the fiscal year ended June 30, 2012. The net change in the fund balance for the fiscal year ended June 30, 2012 was a decrease of \$1,504,262. This decrease is primarily due to a contribution from the Borough of Wallington related to a capital project which was realized as revenue in fiscal year 2011 but not expended until fiscal year 2012.

The following schedules present a comparison of the revenues of the governmental funds for the fiscal years ending June 30, 2012 and 2011.

<u>Revenue</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Local Sources	\$ 13,078,057	\$ 14,139,067	73%	76%
State Sources	4,206,050	3,832,555	23%	21%
Federal Sources	<u>632,509</u>	<u>631,234</u>	<u>4%</u>	<u>3%</u>
 Total	 <u>\$ 17,916,616</u>	 <u>\$ 18,602,856</u>	 <u>100%</u>	 <u>100%</u>

The following schedule represents a comparison of the governmental funds expenditures for the fiscal years ending June 30, 2012 and 2011.

<u>Expenditures</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current:				
Instruction (Including Tuition)	\$ 11,017,538	\$ 10,561,203	57%	63%
Support Services	5,969,437	5,646,990	31%	34%
Capital Outlay	2,118,695	310,249	11%	2%
Debt Service:				
Principal	191,960	201,662	1%	1%
Interest	<u>123,248</u>	<u>131,071</u>	<u>1%</u>	<u>1%</u>
 Total	 <u>\$ 19,420,878</u>	 <u>\$ 16,851,175</u>	 <u>100%</u>	 <u>100%</u>

**WALLINGTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

**General Fund Budgeting Highlights**

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

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

**Capital Assets**

At the end of fiscal years 2012 and 2011, the District had \$7,257,651 and \$5,529,703 invested in land, buildings, furniture, equipment and vehicles used for governmental and business-type activities. Overall capital assets increased \$1,727,948 from fiscal year 2011 to fiscal year 2012. Table 4 shows capital assets net of depreciation at June 30, 2012 and 2011 for governmental and business-type activities.

**Table 4**  
**Capital Assets Net of Depreciation**

	<u>2012</u>	<u>2011</u>
Land	\$ 21,354	\$ 21,354
Construction in Progress	659,827	690,990
Land Improvements	1,635,314	33,756
Buildings and Building Improvements	4,801,893	4,679,956
Machinery and Equipment	<u>139,263</u>	<u>103,647</u>
 Total	 <u>\$ 7,257,651</u>	 <u>\$ 5,529,703</u>

**Long-Term Liabilities**

At June 30, 2012, the District had \$3,267,068 of long-term liabilities. Of this amount, \$471,172 is for compensated absences; \$77,896 for loans for school construction and \$2,718,000 for bonds payable issued to fund the referendum approved in 2005.

***WALLINGTON SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012***

**For the Future**

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

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

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**WALLINGTON BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 1,153,068	\$ 20,363	\$ 1,173,431
Receivables, net			
Receivables from Other Governments	567,378	7,235	574,613
Deferred Charges	16,548		16,548
Capital Assets			
Not Being Depreciated	681,181		681,181
Being Depreciated, net	<u>6,562,396</u>	<u>14,074</u>	<u>6,576,470</u>
Total Assets	<u>8,980,571</u>	<u>41,672</u>	<u>9,022,243</u>
<b>LIABILITIES</b>			
Accounts Payable	92,415		92,415
Accrued Interest Payable	15,286		15,286
Unearned Revenue	179,119		179,119
Noncurrent Liabilities			
Due within one year	264,265		264,265
Due beyond one year	<u>3,002,803</u>	<u>-</u>	<u>3,002,803</u>
Total Liabilities	<u>3,553,888</u>	<u>-</u>	<u>3,553,888</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	4,545,130	14,074	4,559,204
Restricted for			
Capital Projects	560,236		560,236
Debt Service	1		1
Unrestricted	<u>321,316</u>	<u>27,598</u>	<u>348,914</u>
Total Net Assets	<u>\$ 5,426,683</u>	<u>\$ 41,672</u>	<u>\$ 5,468,355</u>

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

WALLINGTON BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,331,728		\$ 1,069,729		\$ (5,261,999)		\$ (5,261,999)
Special Education	3,263,896		1,040,638		(2,223,258)		(2,223,258)
School Sponsored Activities and Athletics	573,469		71,583		(501,886)		(501,886)
Other Instruction	874,892	\$ 88,105	114,693		(672,094)		(672,094)
Support Services							
Student & Instruction Related Services	2,315,953		400,647		(1,915,306)		(1,915,306)
General Administration Services	482,413		45,817		(436,596)		(436,596)
School Administration Services	737,522		49,834		(687,688)		(687,688)
Plant Operations and Maintenance	1,921,729				(1,921,729)		(1,921,729)
Pupil Transportation	312,217				(312,217)		(312,217)
Central Services	587,844				(587,844)		(587,844)
Interest on Long-Term Debt	121,669		1,373		(120,296)		(120,296)
Total Governmental Activities	17,523,332	88,105	2,794,314	-	(14,640,913)	-	(14,640,913)
<b>Business-Type Activities</b>							
Food Service	144,108	34,644	119,681			\$ 10,217	10,217
Total Business-Type Activities	144,108	34,644	119,681			10,217	10,217
<b>Total Primary Government</b>	\$ 17,667,440	\$ 122,749	\$ 2,913,995	\$ -	(14,640,913)	10,217	(14,630,696)
<b>General Revenues</b>							
Property Taxes:							
Levied for General Purposes					12,630,106		12,630,106
Levied for Debt Service					311,696		311,696
Federal and State Aid - Unrestricted					2,043,106		2,043,106
State Aid Restricted for Debt Service Principal					2,139		2,139
Investment Earnings					55		55
Miscellaneous Income					47,095		47,095
Total General Revenues and Other Items					15,034,197		15,034,197
Change in Net Assets					393,284	10,217	403,501
Net Assets, Beginning of Year					5,033,399	31,455	5,064,854
Net Assets, End of Year					\$ 5,426,683	\$ 41,672	\$ 5,468,355

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

**FUND FINANCIAL STATEMENTS**

**WALLINGTON BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 1,036,102		\$ 116,965	\$ 1	\$ 1,153,068
Due from Other Funds	374,792				374,792
Receivables, Net	<u>27,520</u>	<u>\$ 132,803</u>	<u>407,055</u>	<u>-</u>	<u>567,378</u>
Total Assets	<u>\$ 1,438,414</u>	<u>\$ 132,803</u>	<u>\$ 524,020</u>	<u>\$ 1</u>	<u>\$ 2,095,238</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 70,404	\$ 22,011			\$ 92,415
Due to Other Funds		110,792	\$ 264,000		374,792
Deferred Revenue	<u>-</u>	<u>-</u>	<u>179,119</u>	<u>-</u>	<u>179,119</u>
Total Liabilities	<u>70,404</u>	<u>132,803</u>	<u>443,119</u>	<u>-</u>	<u>646,326</u>
<b>Fund Balances</b>					
<b>Restricted</b>					
Capital Reserve	416,049				416,049
Excess Surplus	299,316				299,316
Excess Surplus, Designated for Subsequent Year's Expenditures	131,296				131,296
Capital Projects			80,901		80,901
Debt Service				\$ 1	1
<b>Assigned</b>					
Encumbrances	286,434				286,434
Designated for Subsequent Year's Expenditures	193,704				193,704
Unassigned	<u>41,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,211</u>
Total Fund Balances	<u>1,368,010</u>	<u>-</u>	<u>80,901</u>	<u>1</u>	<u>1,448,912</u>
Total Liabilities and Fund Balances	<u>\$ 1,438,414</u>	<u>\$ 132,803</u>	<u>\$ 524,020</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,393,702 and the accumulated depreciation is \$4,150,125.

7,243,577

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

(15,286)

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

Bonds Payable	\$ (2,718,000)	
Deferred Charge for Issuance Costs	16,548	
Loans Payable	(77,896)	
Compensated Absences	<u>(471,172)</u>	
		<u>(3,250,520)</u>

Net Assets of Governmental Activities

\$ 5,426,683

**WALLINGTON BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 12,630,106			\$ 311,696	\$ 12,941,802
Interest on Investments	55				55
Miscellaneous	135,200	\$ 1,000	-	-	136,200
Total - Local Sources	12,765,361	1,000	-	311,696	13,078,057
State Sources	4,134,253	68,285		3,512	4,206,050
Federal Sources	128,051	504,458	-	-	632,509
Total Revenues	17,027,665	573,743	-	315,208	17,916,616
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	6,082,736	227,091			6,309,827
Special Education Instruction	3,189,870	70,452			3,260,322
Other Instruction	873,291	1,000			874,291
School-Sponsored Activities and Athletics	573,098				573,098
Support Services					
Student & Instruction Related Services	2,013,133	275,200			2,288,333
General Administration Services	478,559				478,559
School Administration Services	732,027				732,027
Plant Operations and Maintenance	1,571,284				1,571,284
Pupil Transportation	312,217				312,217
Central Services	587,017				587,017
Debt Service					
Principal				191,960	191,960
Interest and Other Charges				123,248	123,248
Capital Outlay	230,915	-	\$ 1,887,780	-	2,118,695
Total Expenditures	16,644,147	573,743	1,887,780	315,208	19,420,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	383,518	-	(1,887,780)	-	(1,504,262)
Net Change in Fund Balances	383,518	-	(1,887,780)	-	(1,504,262)
Fund Balance, Beginning of Year	984,492	-	1,968,681	1	2,953,174
Fund Balance, End of Year	\$ 1,368,010	\$ -	\$ 80,901	\$ 1	\$ 1,448,912

**WALLINGTON BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (1,504,262)

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

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

Capital Outlay	\$ 2,118,695	
Depreciation Expense	<u>(404,821)</u>	
		1,713,874

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

Compensated Absences		(8,581)
----------------------	--	---------

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

Principal Repayments		
Loans Payable	36,960	
Bonds Payable	<u>155,000</u>	
		191,960

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

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

Decrease in accrued interest		<u>1,579</u>
------------------------------	--	--------------

Change in net assets of governmental activities		<u>\$ 393,284</u>
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**WALLINGTON BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2012**

	<b>Business-Type Activities Enterprise Fund <u>Non-Major</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 20,363
Intergovernmental Receivable	
State	138
Federal	<u>7,097</u>
Total Current Assets	<u>27,598</u>
Capital Assets	
Equipment	35,683
Less: Accumulated Depreciation	<u>(21,609)</u>
Total Capital Assets	<u>14,074</u>
Total Assets	<u>41,672</u>
 <b>NET ASSETS</b>	
Invested in Capital Assets	14,074
Unrestricted	<u>27,598</u>
Total Net Assets	<u>\$ 41,672</u>

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

**WALLINGTON BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Business-Type Activities Enterprise Fund <u>Non-Major</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 34,644
	<hr/>
Total Operating Revenues	34,644
<b>OPERATING EXPENSES</b>	
Cost of Sales	140,589
Depreciation Expense	3,519
	<hr/>
Total Operating Expenses	144,108
Operating Loss	<hr/> (109,464)
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	2,374
Federal Sources	
National School Lunch Program	105,113
National School Breakfast Program	12,194
	<hr/>
Total Nonoperating Revenues	119,681
Change in Net Assets	10,217
Total Net Assets, Beginning of Year	<hr/> 31,455
Total Net Assets, End of Year	<hr/> <u>\$ 41,672</u>

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

**WALLINGTON BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Business-Type Activities Enterprise Fund <u>Non-Major</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 34,644
Cash Payments to Suppliers for Goods and Services	<u>(140,589)</u>
Net Cash Used by Operating Activities	<u>(105,945)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>120,464</u>
Net Cash Provided by Noncapital Financing Activities	<u>120,464</u>
<b>Cash Flows from Non Capital Financing Activities</b>	
Cash Payments for Acquisition of Capital Assets	<u>(17,593)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(17,593)</u>
Net Decrease in Cash and Cash Equivalents	(3,074)
Cash, Beginning of Year	<u>23,437</u>
Cash, End of Year	<u>\$ 20,363</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ (109,464)
Adjustments	
Depreciation	<u>3,519</u>
Net Cash Used by Operating Activities	<u>\$ (105,945)</u>

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

**WALLINGTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2012**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Scholarship <u>Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash	\$ 121,234	\$ 35,544	\$ 123,616
Due from Other Funds	<u>47,021</u>	<u>-</u>	<u>-</u>
Total Assets	<u>168,255</u>	<u>35,544</u>	<u>\$ 123,616</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 1,566
Accrued Salaries and Wages			1,000
Accounts Payable		32,601	
Due to Other Funds			47,021
Due to Student Groups			74,029
Due to State Government	<u>8,249</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>8,249</u>	<u>32,601</u>	<u>\$ 123,616</u>
<b>NET ASSETS</b>			
Restricted For Scholarships		2,943	
Held in Trust for Unemployment Claims	<u>160,006</u>	<u>-</u>	
Total Net Assets	<u>\$ 160,006</u>	<u>\$ 2,943</u>	

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

**WALLINGTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Scholarship <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 19,714	
Scholarship Donations	-	\$ 31,351
	<hr/>	<hr/>
Total Contributions	19,714	31,351
	<hr/>	<hr/>
Investment Earnings		
Interest	-	12
	<hr/>	<hr/>
Net Investment Earnings	-	12
	<hr/>	<hr/>
Total Additions	19,714	31,363
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contributions	66,926	
Scholarship Awards	-	73,302
	<hr/>	<hr/>
Total Deductions	66,926	73,302
	<hr/>	<hr/>
Change in Net Assets	(47,212)	(41,939)
	<hr/>	<hr/>
Net Assets, Beginning of the Year	207,218	44,882
	<hr/>	<hr/>
Net Assets, End of the Year	\$ 160,006	\$ 2,943
	<hr/>	<hr/>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

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

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**B. Basic Financial Statements (Continued)**

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

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

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

Additionally, the government reports the following fund type:

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

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

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

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

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

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

**D. Assets, Liabilities and Net Assets or Equity**

***1. Deposits and Investments***

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

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

***2. Receivables and Payables***

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

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**4. Capital Assets**

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

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

**5. Compensated Absences**

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

**6. Long-term obligations**

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

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

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental fund.

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$529,492. The increase was funded by additional federal and state aid, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Capital Reserve**

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

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

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$ 441,049
Increases	
Deposits Approved by Board Resolution	<u>100,000</u>
	541,049
Withdrawals	
Approved by Voters in District Budget	<u>125,000</u>
Balance, June 30, 2012	<u>\$ 416,049</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$22,573,571. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

The 2012/2013 budget includes a withdrawal of \$50,000 from the capital reserve account.

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$430,612. Of this amount, \$131,296 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$299,316 will be appropriated in the 2013/2014 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,453,825 and bank balances of the Board's cash and deposits amounted to \$1,990,133. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" are categorized as:

**Depository Account**

Insured	\$ <u>1,990,133</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2012 the Board had no deposits exposed to custodial credit risk since all deposits are insured either through FDIC or GUDPA.

**Investments**

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

As of June 30, 2012, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2012 for the district's individual major funds and nonmajor fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise Nonmajor</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 27,520	\$ 132,803	\$ 407,055	\$ 7,235	\$ 574,613
Gross Receivables	27,520	132,803	407,055	7,235	574,613
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 27,520</u>	<u>\$ 132,803</u>	<u>\$ 407,055</u>	<u>\$ 7,235</u>	<u>\$ 574,613</u>

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

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

	<u>Unearned</u>
Capital Projects Fund	
Unrealized School Facility Grants	<u>\$179,119</u>
Total Deferred Revenue for Governmental Funds	<u>\$179,119</u>

**C. Capital Assets**

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

	Balance, <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2012</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 21,354			\$ 21,354
Construction in Progress	<u>690,990</u>	<u>-</u>	<u>\$ (31,163)</u>	<u>659,827</u>
Total Capital Assets, Not Being Depreciated	<u>712,344</u>	<u>-</u>	<u>(31,163)</u>	<u>681,181</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	7,891,229	\$ 377,950		8,269,179
Land Improvements	40,382	1,687,975		1,728,357
Machinery and Equipment	<u>758,453</u>	<u>83,933</u>	<u>(127,401)</u>	<u>714,985</u>
Total Capital Assets Being Depreciated	<u>8,690,064</u>	<u>2,149,858</u>	<u>(127,401)</u>	<u>10,712,521</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(3,211,273)	(256,013)		(3,467,286)
Land Improvements	(6,626)	(86,417)		(93,043)
Machinery and Equipment	<u>(654,806)</u>	<u>(62,391)</u>	<u>127,401</u>	<u>(589,796)</u>
Total Accumulated Depreciation	<u>(3,872,705)</u>	<u>(404,821)</u>	<u>127,401</u>	<u>(4,150,125)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,817,359</u>	<u>1,745,037</u>	<u>-</u>	<u>6,562,396</u>
Government Activities Capital Assets, Net	<u>\$ 5,529,703</u>	<u>\$ 1,745,037</u>	<u>\$ (31,163)</u>	<u>\$ 7,243,577</u>

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 18,090	\$ 17,593	-	\$ 35,683
Total Capital Assets Being Depreciated	<u>18,090</u>	<u>17,593</u>	<u>-</u>	<u>35,683</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(18,090)</u>	<u>(3,519)</u>	<u>-</u>	<u>(21,609)</u>
Total Accumulated Depreciation	<u>(18,090)</u>	<u>(3,519)</u>	<u>-</u>	<u>(21,609)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>14,074</u>	<u>-</u>	<u>14,074</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 14,074</u>	<u>\$ -</u>	<u>\$ 14,074</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 18,922
Special Education		<u>2,791</u>
Total Instruction		<u>21,713</u>
Support Services		
Support Services-Students & Instruction Related Services		26,435
General Administration		2,330
School Administration		4,996
Operations and Maintenance of Plant		346,912
Business/Central Services		<u>435</u>
Total Support Services		<u>381,108</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 402,821</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ 3,519</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 3,519</u>

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

**Construction commitments**

The District has the following active construction projects as of June 30, 2012:

<u>Project</u>	<u>Remaining Commitment</u>
Upgrading Building Systems, ADA Improvements and Industrial Arts Room Conversion and Synthetic Turf at High School Athletic Field	\$ 60,729
Total	<u>\$ 60,729</u>

**D. Interfund Receivables, Payables, and Transfers**

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

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 110,792
General Fund	Capital Projects Fund	264,000
Unemployment Compensation Trust Fund	Agency Fund	<u>47,021</u>
Total		<u>\$ 421,813</u>

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

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

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases**

**Operating Leases**

The District is leasing copiers totaling \$124,332 under a noncancelable operating lease. Lease payments for the year ended June 30, 2012 were \$31,824. The future minimum lease payments for this operating lease are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 31,824
2014	31,824
2015	<u>12,948</u>
Total	<u>\$ 76,596</u>

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2012 is comprised of the following issue:

\$3,673,000, 2005 Bonds, due in annual installments of \$165,000 to \$240,000 through May 15, 2025, interest at 4.125% to 4.20%	<u>\$2,718,000</u>
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**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Intergovernmental Loan Payable**

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

Loans payable at June 30, 2012 are comprised of the following:

\$144,177, 1993 Loan due in Annual installments of \$7,589 through July, 2013 interest at 1.50%	\$ 15,178
\$432,533, 1993 Loan due in Annual installments of \$30,676 to \$32,042 through July, 2013 interest at 5.288%	<u>62,718</u>
Grand Total	<u>\$77,896</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Intergovernmental Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 165,000	\$ 112,476	\$ 38,265	\$ 2,676	\$ 318,417
2014	170,000	105,670	39,631	904	316,205
2015	180,000	98,657			278,657
2016	185,000	91,232			276,232
2017	195,000	83,601			278,601
2018-2022	1,105,000	290,336			1,395,336
2023-2025	<u>718,000</u>	<u>60,048</u>	<u>-</u>	<u>-</u>	<u>778,048</u>
	<u>\$ 2,718,000</u>	<u>\$ 842,020</u>	<u>\$ 77,896</u>	<u>\$ 3,580</u>	<u>\$ 3,641,496</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 43,932,424
Less: Net Debt Outstanding	<u>2,795,896</u>
Remaining Borrowing Power	<u>\$ 41,136,528</u>

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in long-term liabilities**

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

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
<b>Governmental activities:</b>					
Bonds Payable	\$ 2,873,000		\$ (155,000)	\$ 2,718,000	\$ 165,000
Loans Payable	114,856		(36,960)	77,896	38,265
Compensated absences	462,591	50,523	(41,942)	471,172	61,000
Governmental activity Long-term liabilities	<u>\$ 3,450,447</u>	<u>\$ 50,523</u>	<u>\$ (233,902)</u>	<u>\$ 3,267,068</u>	<u>\$ 264,265</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

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

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

Fiscal Year Ended June 30,	Employee Contributions	Amount Reimbursed	Ending Balance
2012	\$ 19,714	\$ 66,926	\$ 160,006
2011	27,829	86,631	207,218
2010	19,685	51,765	264,531

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District had no estimated arbitrage earnings due to the IRS.

**D. Employee Retirement Systems and Pension Plans**

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

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

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

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

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

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2012	\$ 156,523	\$ 256,324
2011	140,840	23,528
2010	122,862	26,877

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$256,324 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$23,528 and \$26,877, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$544,000 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

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

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

**Basis of Accounting**

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

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

**WALLINGTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$515,278, \$499,744 and \$504,786, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 JOINT VENTURE**

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

**BUDGETARY COMPARISON SCHEDULES**

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Tax Levy	\$ 12,630,106		\$ 12,630,106	\$ 12,630,106	
Interest Earned on Capital Reserve					
Investments Income	5,000		5,000	55	\$ (4,945)
Miscellaneous	95,000	-	95,000	135,200	40,200
<b>Total Local Sources</b>	<b>12,730,106</b>	<b>-</b>	<b>12,730,106</b>	<b>12,765,361</b>	<b>35,255</b>
<b>Federal Sources</b>					
Medicaid Reimbursement	14,290		14,290	18,224	3,934
Education Jobs Fund	106,491	\$ 3,336	109,827	109,827	-
<b>Total Federal Sources</b>	<b>120,781</b>	<b>3,336</b>	<b>124,117</b>	<b>128,051</b>	<b>3,934</b>
<b>State Sources</b>					
Extraordinary Aid				133,066	133,066
Categorical Special Education Aid	669,705		669,705	669,705	
Equalization Aid	1,920,842	155,915	2,076,757	2,076,757	
On Behalf TPAF Post-Retirement Medical (Non Budgeted)				515,278	515,278
On Behalf TPAF Pension System Contribution (Non Budgeted)				256,324	256,324
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	544,000	544,000
<b>Total State Sources</b>	<b>2,590,547</b>	<b>155,915</b>	<b>2,746,462</b>	<b>4,195,130</b>	<b>1,448,668</b>
<b>Total Revenues</b>	<b>15,441,434</b>	<b>159,251</b>	<b>15,600,685</b>	<b>17,088,542</b>	<b>1,487,857</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Regular Programs - Instruction</b>					
<b>Salaries of Teachers</b>					
Kindergarten	368,760		368,760	368,260	500
Grades 1-5	1,318,314	(15,793)	1,302,521	1,300,030	2,491
Grades 6-8	1,041,326	(38,910)	1,002,416	1,001,354	1,062
Grades 9-12	1,385,747	21,491	1,407,238	1,406,907	331
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	5,000	2,728	7,728	7,228	500
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	180,235	4,770	185,005	183,750	1,255
General Supplies	110,000	10,666	120,666	116,488	4,178
Textbooks	23,500	30,923	54,423	13,833	40,590
<b>Total Regular Programs</b>	<b>4,432,882</b>	<b>15,875</b>	<b>4,448,757</b>	<b>4,397,850</b>	<b>50,907</b>
<b>Special Education - Instruction</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	188,710	(50,000)	138,710	138,280	430
Other Salaries for Instruction	139,300	11,190	150,490	150,469	21
General Supplies	3,200		3,200	3,200	
Textbooks	1,700	-	1,700	1,700	-
<b>Total Learning and/or Language Disabilities</b>	<b>332,910</b>	<b>(38,810)</b>	<b>294,100</b>	<b>293,649</b>	<b>451</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	507,641	24,000	531,641	531,202	439
General Supplies	2,850		2,850	2,850	
Textbooks	1,350	-	1,350	1,350	-
<b>Total Resource Room/Resource Center</b>	<b>511,841</b>	<b>24,000</b>	<b>535,841</b>	<b>535,402</b>	<b>439</b>
<b>Total Special Education - Instruction</b>	<b>844,751</b>	<b>(14,810)</b>	<b>829,941</b>	<b>829,051</b>	<b>890</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	\$ 200,430	\$ 102,950	\$ 303,380	\$ 303,267	\$ 113
Other Salaries for Instruction	12,041		12,041	12,041	
General Supplies	2,750	132	2,882	2,837	45
<b>Total Basic Skills/Remedial - Instruction</b>	<b>215,221</b>	<b>103,082</b>	<b>318,303</b>	<b>318,145</b>	<b>158</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	246,591	(2,783)	243,808	241,973	1,835
Other Salaries for Instruction	61,390	(61,390)			
Purchased Prof. - Educational Services	500		500		500
General Supplies	1,500	408	1,908	1,805	103
<b>Total Bilingual Education - Instruction</b>	<b>309,981</b>	<b>(63,765)</b>	<b>246,216</b>	<b>243,778</b>	<b>2,438</b>
<b>Vocational Programs - Local - Instruction</b>					
Salaries	23,972		23,972	23,972	
General Supplies	500	-	500	466	34
<b>Total Vocational Programs - Local - Instruction</b>	<b>24,472</b>	<b>-</b>	<b>24,472</b>	<b>24,438</b>	<b>34</b>
<b>School Sponsored Co/Extra Curricular Activities - Instruction</b>					
Salaries	63,530	(1,900)	61,630	56,102	5,528
Purchased Services	18,250	1,800	20,050	10,746	9,304
Supplies and Materials	8,450		8,450	5,375	3,075
Other Objects	9,500	-	9,500	6,146	3,354
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>99,730</b>	<b>(100)</b>	<b>99,630</b>	<b>78,369</b>	<b>21,261</b>
<b>School Sponsored Athletics - Instruction</b>					
Salaries	343,439	-	343,439	332,586	10,853
Purchased Services	29,379		29,379	29,379	
Supplies and Materials	31,650	696	32,346	31,722	624
Other Objects	24,625	8,295	32,920	29,459	3,461
<b>Total School Sponsored Athletics - Instruction</b>	<b>429,093</b>	<b>8,991</b>	<b>438,084</b>	<b>423,146</b>	<b>14,938</b>
<b>Other Instructional Programs - Instruction</b>					
Salaries	12,600	(117)	12,483	10,560	1,923
Purchased Services	800	-	800	350	450
<b>Total Other Instructional Programs - Instruction</b>	<b>13,400</b>	<b>(117)</b>	<b>13,283</b>	<b>10,910</b>	<b>2,373</b>
<b>Before/After School Programs - Instruction</b>					
Salaries		37,500	37,500	32,068	5,432
Other Purchased Services	21,000	(21,000)			
Supplies and Materials	3,000	-	3,000	2,896	104
<b>Total Before/After School Program</b>	<b>24,000</b>	<b>16,500</b>	<b>40,500</b>	<b>34,964</b>	<b>5,536</b>
<b>Summer School - Instruction</b>					
Salaries of Teachers	5,500	-	5,500	5,500	-
<b>Total Summer School - Instruction</b>	<b>5,500</b>	<b>-</b>	<b>5,500</b>	<b>5,500</b>	<b>-</b>
<b>Total Instruction</b>	<b>6,399,030</b>	<b>65,656</b>	<b>6,464,686</b>	<b>6,366,151</b>	<b>98,535</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures- Instruction</b>					
Tuition to Other LEAs - Special, Within the State-Special	\$ 1,661,176	\$ 114,825	\$ 1,776,001	\$ 1,680,697	\$ 95,304
Tuition to County Vocational School Districts-Reg.	121,050	(16,240)	104,810	104,810	
Tuition to CSSD & Regional Day Schools	51,000	9,090	60,090	59,800	290
Tuition to Priv. Sch. - Disabled - Within State	221,998	51,269	273,267	248,549	24,718
Tuition - State Facilities	24,571	-	24,571	24,471	100
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,079,795</b>	<b>158,944</b>	<b>2,238,739</b>	<b>2,118,327</b>	<b>120,412</b>
<b>Attendance and Social Work</b>					
Salaries	37,875	34,200	72,075	71,539	536
Other Purchased Services	150	-	150	150	-
Supplies and Materials	800	-	800	774	26
<b>Total Attendance and Social Work</b>	<b>38,825</b>	<b>34,200</b>	<b>73,025</b>	<b>72,313</b>	<b>712</b>
<b>Health Services</b>					
Salaries	216,050	(6,034)	210,016	209,369	647
Purchased Professional and Technical Services	22,000	450	22,450	16,507	5,943
Other Purchased Services	200	-	200	108	92
Supplies and Materials	6,000	261	6,261	5,929	332
<b>Total Health Services</b>	<b>244,250</b>	<b>(5,323)</b>	<b>238,927</b>	<b>231,913</b>	<b>7,014</b>
<b>Speech, OT, PT and Related Services</b>					
Salaries	115,098	(10,471)	104,627	101,450	3,177
Supplies and Materials	1,200	-	1,200	906	294
<b>Total Speech, OT, PT and Related Services</b>	<b>116,298</b>	<b>(10,471)</b>	<b>105,827</b>	<b>102,356</b>	<b>3,471</b>
<b>Guidance</b>					
Salaries of Other Professional Staff	221,759	25,721	247,480	243,928	3,552
Salaries of Secretarial and Clerical Assistants	54,076	-	54,076	54,076	-
Other Purchased Services	950	-	950	686	264
Supplies and Materials	24,150	4,959	29,109	20,650	8,459
Other Objects	2,000	-	2,000	1,943	57
<b>Total Guidance</b>	<b>302,935</b>	<b>30,680</b>	<b>333,615</b>	<b>321,283</b>	<b>12,332</b>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	82,292	-	82,292	75,076	7,216
Salaries of Secretarial and Clerical Assistants	14,813	-	14,813	14,813	-
Other Salaries	58,111	-	58,111	57,291	820
Purchased Professional-Educational Services	3,500	-	3,500	-	3,500
Miscellaneous Purchased Services	2,300	-	2,300	629	1,671
Supplies and Materials	4,600	593	5,193	2,874	2,319
Other Objects	950	-	950	-	950
<b>Total Child Study Teams</b>	<b>166,566</b>	<b>593</b>	<b>167,159</b>	<b>150,683</b>	<b>16,476</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Improvement of Instructional Services</b>					
Salaries of Supervisor of Instruction	\$ 147,404		\$ 147,404	\$ 146,749	\$ 655
Salaries of Other Professional Staff		\$ 2,800	2,800	1,960	840
Salaries of Secretarial and Clerical Assistants	125,310	(10,850)	114,460	112,127	2,333
Other Purchased Services	1,700		1,700	1,700	
Supplies and Materials	500	-	500	-	500
<b>Total Improvement of Instructional Services</b>	<b>274,914</b>	<b>(8,050)</b>	<b>266,864</b>	<b>262,536</b>	<b>4,328</b>
<b>Educational Media Services/School Library</b>					
Salaries	159,060	(30,000)	129,060	129,060	
Other Purchased Services	600		600	452	148
Supplies and Materials	37,450	6,693	44,143	43,242	901
<b>Total Educational Media Services/School Library</b>	<b>197,110</b>	<b>(23,307)</b>	<b>173,803</b>	<b>172,754</b>	<b>1,049</b>
<b>Instructional Staff Training Services</b>					
Salaries of Supervisors of Instruction	23,000		23,000	23,000	
Other Purchased Services	3,000	1,260	4,260	2,760	1,500
<b>Total Instructional Staff Training Services</b>	<b>26,000</b>	<b>1,260</b>	<b>27,260</b>	<b>25,760</b>	<b>1,500</b>
<b>Support Services - General Administration</b>					
Salaries	248,780	-	248,780	248,780	-
Legal Services	5,000	3,200	8,200	3,081	5,119
Audit Fees	25,000		25,000	21,900	3,100
Other Purchased Professional Services	2,000	(1,350)	650		650
Purchased Technical Services		16,700	16,700	8,750	7,950
Communications/Telephone	66,000	2,600	68,600	67,904	696
Miscellaneous Purchased Services	17,000	250	17,250	15,340	1,910
General Supplies	5,000	-	5,000	4,863	137
Miscellaneous Expenditures	24,000	(4,365)	19,635	4,301	15,334
<b>Total Support Services General Administration</b>	<b>392,780</b>	<b>17,035</b>	<b>409,815</b>	<b>374,919</b>	<b>34,896</b>
<b>Support Services - School Administration</b>					
Salaries of Principals/Asst. Principals/Prog. Director	270,592		270,592	270,592	
Salaries of Other Professional Staff	131,193		131,193	131,193	
Salaries of Secretarial and Clerical Assistants	121,152		121,152	120,152	1,000
Other Purchased Services	9,075		9,075	4,944	4,131
Supplies and Materials	16,800	2,573	19,373	17,997	1,376
<b>Total Support Services School Administration</b>	<b>548,812</b>	<b>2,573</b>	<b>551,385</b>	<b>544,878</b>	<b>6,507</b>
<b>Central Services</b>					
Salaries	288,980		288,980	286,241	2,739
Purchased Technical Services	7,000		7,000	7,000	
Misc. Purchased Services	28,500		28,500	21,222	7,278
Supplies and Materials	7,100		7,100	6,299	801
Miscellaneous Expenditures	7,500	64	7,564	5,109	2,455
<b>Total Central Services</b>	<b>339,080</b>	<b>64</b>	<b>339,144</b>	<b>325,871</b>	<b>13,273</b>
<b>Admin. Info. Tech.</b>					
Salaries	90,274	34,350	124,624	124,044	580
Supplies and Materials	600	-	600	600	-
<b>Total Admin. Info. Tech</b>	<b>90,874</b>	<b>34,350</b>	<b>125,224</b>	<b>124,644</b>	<b>580</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Required Maintenance For School Facilities					
Salaries	\$ 54,945		\$ 54,945	\$ 54,120	\$ 825
Cleaning, Repair, and Maintenance Services	102,453	\$ (7,353)	95,100	87,662	7,438
General Supplies	59,000	4,713	63,713	48,951	14,762
<b>Total Required Maintenance For School Facilities</b>	<b>216,398</b>	<b>(2,640)</b>	<b>213,758</b>	<b>190,733</b>	<b>23,025</b>
Custodial Services					
Salaries	361,610	3,000	364,610	359,964	4,646
Purchased Professional and Technical Services	1,000		1,000		1,000
Cleaning, Repair, and Maintenance Services	181,780	33,210	214,990	202,783	12,207
Rental of Land and Buildings	26,000	3,900	29,900	28,964	936
Insurance	120,500	(4,900)	115,600	115,571	29
Miscellaneous Purchased Services	26,300	(5,500)	20,800	18,106	2,694
Energy	269,000		269,000	241,154	27,846
Other Objects	1,200	-	1,200	626	574
<b>Total Custodial Services</b>	<b>987,390</b>	<b>29,710</b>	<b>1,017,100</b>	<b>967,168</b>	<b>49,932</b>
Care and Upkeep of Grounds					
Salaries	40,353	(1,000)	39,353	39,251	102
Cleaning, Repair, and Maintenance Services	61,988	74,500	136,488	75,871	60,617
General Supplies	5,000	-	5,000	110	4,890
<b>Total Care and Upkeep of Grounds</b>	<b>107,341</b>	<b>73,500</b>	<b>180,841</b>	<b>115,232</b>	<b>65,609</b>
Security					
Cleaning, Repair and Maintenance Services	6,200	1,650	7,850	7,610	240
<b>Total Security</b>	<b>6,200</b>	<b>1,650</b>	<b>7,850</b>	<b>7,610</b>	<b>240</b>
Student Transportation Services					
Contract Svcs. (Other than Home and School)-Vendors	61,850	-	61,850	52,234	9,616
Contract Svcs. (Between Home and School)-Joint Agrmnts	37,236	-	37,236	33,118	4,118
Contracted Services (Spec. Ed. Students) - Joint Agrmnts	349,520	-	349,520	226,865	122,655
<b>Total Student Transportation Services</b>	<b>448,606</b>	<b>-</b>	<b>448,606</b>	<b>312,217</b>	<b>136,389</b>
Regular Programs - Instruction -Employee Benefits					
Social Security Contributions	32,000	(2,000)	30,000	29,371	629
Other Retirement Contributions- PERS	8,000		8,000	4,792	3,208
Workman's Compensation	15,000		15,000	15,000	
Health Benefits	672,000	2,150	674,150	535,492	138,658
Tuition Reimbursement	20,000		20,000	16,609	3,391
Other Employee Benefits	5,000	34,827	39,827	39,442	385
<b>Total Reg. Prog. - Instruction -Employee Benefits</b>	<b>752,000</b>	<b>34,977</b>	<b>786,977</b>	<b>640,706</b>	<b>146,271</b>
Special Programs - Instruction -Employee Benefits					
Social Security Contributions	1,000	-	1,000	542	458
Workman's Compensation	7,000		7,000	7,000	
Health Benefits	241,000		241,000	240,935	65
Other Employee Benefits	1,750	(1,750)	-	-	-
<b>Total Spec. Prog. - Instruction -Employee Benefits</b>	<b>250,750</b>	<b>(1,750)</b>	<b>249,000</b>	<b>248,477</b>	<b>523</b>
Vocational Programs -Instruction -Employee Benefits					
Health Benefits	31,600	-	31,600	31,600	-
<b>Total Voc. Prog. - Instruction -Employee Benefits</b>	<b>31,600</b>	<b>-</b>	<b>31,600</b>	<b>31,600</b>	<b>-</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Other Instr. Programs -Instruction -Employee Benefits</b>					
Social Security Contributions	\$ 29,200		\$ 29,200	\$ 27,792	\$ 1,408
Workman's Compensation	5,000		5,000	5,000	
Health Benefits	33,000	-	33,000	33,000	-
<b>Total Other Instr. Prog. - Instruction -Employee Ben.</b>	<b>67,200</b>	<b>-</b>	<b>67,200</b>	<b>65,792</b>	<b>1,408</b>
<b>Attendance and Social Work -Employee Benefits</b>					
Social Security Contributions	5,000		5,000	3,923	1,077
Other Retirement Contributions- PERS	9,000		9,000	9,000	
Health Benefits	26,700		26,700	26,700	
Other Employee Benefits	1,800	\$ (1,800)	-	-	-
<b>Total Attendance and Social Work -Employee Ben.</b>	<b>42,500</b>	<b>(1,800)</b>	<b>40,700</b>	<b>39,623</b>	<b>1,077</b>
<b>Health Services -Employee Benefits</b>					
Social Security Contributions	2,100		2,100	1,241	859
Other Retirement Contributions- PERS	6,000		6,000	6,000	
Health Benefits	59,600	-	59,600	59,600	-
<b>Total Health Services -Employee Benefits</b>	<b>67,700</b>	<b>-</b>	<b>67,700</b>	<b>66,841</b>	<b>859</b>
<b>Other Support Services -Guidance - Employee Benefits</b>					
Social Security Contributions	2,000	2,000	4,000	2,857	1,143
Other Retirement Contributions- PERS	5,000		5,000	5,000	
Health Benefits	122,500	-	122,500	122,500	-
<b>Total Other Support Services -Students - Regular- Employee Benefits</b>	<b>129,500</b>	<b>2,000</b>	<b>131,500</b>	<b>130,357</b>	<b>1,143</b>
<b>Other Support Services -Child Study Team - Employee Benefits</b>					
Social Security Contributions	4,700		4,700	3,961	739
Other Retirement Contributions- PERS	7,000		7,000	7,000	
Health Benefits	119,100	-	119,100	119,100	-
<b>Total Other Support Services -Students - Special- Employee Benefits</b>	<b>130,800</b>	<b>-</b>	<b>130,800</b>	<b>130,061</b>	<b>739</b>
<b>Improvement of Instruction Services - Employee Benefits</b>					
Social Security Contributions	15,000		15,000	11,546	3,454
Health Benefits	90,750		90,750	90,434	316
Tuition Reimbursement	7,500	-	7,500	2,324	5,176
<b>Total Improvement of Instruction Services - Employee Benefits</b>	<b>113,250</b>	<b>-</b>	<b>113,250</b>	<b>104,304</b>	<b>8,946</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Educational Media Services -School Library - Employee Benefits					
Social Security Contributions	\$ 1,750		\$ 1,750	\$ 352	\$ 1,398
Health Benefits	76,550	-	76,550	76,550	-
<b>Total Educational Media Services -School Library - Employee Benefits</b>	<b>78,300</b>	<b>-</b>	<b>78,300</b>	<b>76,902</b>	<b>1,398</b>
Support Services -General Administration - Employee Benefits					
Social Security Contributions	10,000		10,000	7,048	2,952
Other Retirement Contributions - PERS	4,000		4,000	4,000	
Health Benefits	33,500	-	33,500	33,500	-
<b>Total Support Services -General Administration - Employee Benefits</b>	<b>47,500</b>	<b>-</b>	<b>47,500</b>	<b>44,548</b>	<b>2,952</b>
Support Services -School Administration - Employee Benefits					
Social Security Contributions	13,500	\$ (1,300)	12,200	12,115	85
Other Retirement Contributions - PERS	20,000		20,000	20,000	
Health Benefits	105,200		105,200	105,200	
Tuition Reimbursement	3,000	-	3,000	-	3,000
<b>Total Support Services -School Administration - Employee Benefits</b>	<b>141,700</b>	<b>(1,300)</b>	<b>140,400</b>	<b>137,315</b>	<b>3,085</b>
Support Services -Central Services - Employee Benefits					
Social Security Contributions	15,500		15,500	12,871	2,629
Other Retirement Contributions- PERS	18,000		18,000	18,000	
Health Benefits	61,800	-	61,800	61,800	-
<b>Total Support Services -Central Services - Employee Benefits</b>	<b>95,300</b>	<b>-</b>	<b>95,300</b>	<b>92,671</b>	<b>2,629</b>
Support Services -Admin. Info Tech. - Employee Benefits					
Social Security Contributions	8,000	1,300	9,300	9,131	169
Other Retirement Contributions- PERS	12,000		12,000	12,000	
Health Benefits	23,300	-	23,300	22,700	600
<b>Total Support Services -Admin. Info. Tech. - Employee Benefits</b>	<b>43,300</b>	<b>1,300</b>	<b>44,600</b>	<b>43,831</b>	<b>769</b>
Operation and Maintenance of Plant Services - Employee Benefits					
Social Security Contributions	41,000		41,000	35,264	5,736
Other Retirement Contributions- PERS	71,000		71,000	71,000	
Workman's Compensation	33,000		33,000	33,372	(372)
Health Benefits	222,000		222,000	222,000	
Other Employee Benefits	13,000	(10,500)	2,500	2,500	-
<b>Total Operation and Maintenance of Plant Services- Employee Benefits</b>	<b>380,000</b>	<b>(10,500)</b>	<b>369,500</b>	<b>364,136</b>	<b>5,364</b>

continued

**WALLINGTON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES (Continued)</b>					
On-behalf TPAF Pension System Payment (Non-budgeted)				\$ 256,324	\$ (256,324)
On-behalf TPAF Post-Retirement Medical (Non-budgeted)				515,278	(515,278)
On-behalf TPAF Social Security Payment (Non-budgeted)	-	-	-	544,000	(544,000)
Total On-Behalf	-	-	-	1,315,602	(1,315,602)
Total Undistributed Expenditures	\$ 8,955,574	\$ 357,695	\$ 9,313,269	9,953,963	(640,694)
Total Expenditures - Current Expense	15,354,604	423,351	15,777,955	16,320,114	(542,159)
<b>CAPITAL OUTLAY</b>					
Equipment					
Instruction					
Grades 9-12		45,000	45,000	43,254	1,746
School Sponsored Co-Curricular Activities		4,225	4,225	4,225	
Undistributed Expenditures					
School Administration	9,000		9,000	8,999	1
Operation and Maintenance of Plant Services	-	25,000	25,000	9,445	15,555
Total Equipment	9,000	74,225	83,225	65,923	17,302
Interest Deposit to Capital Reserve	500	-	500	-	500
Facilities Acquisition and Construction Services					
Legal Services		20,500	20,500	20,381	119
Architectural/Engineering Services	10,000	77,230	87,230	69,692	17,538
Construction Services		64,000	64,000	34,065	29,935
Other Objects	13,275	-	13,275	13,275	-
Total Facilities Acquisition and Construction Services	23,275	161,730	185,005	137,413	47,592
Total Capital Outlay	32,775	235,955	268,730	203,336	65,394
Transfer of Funds to Charter Schools	164,555	(33,000)	131,555	120,697	10,858
Total Expenditures	15,551,934	626,306	16,178,240	16,644,147	(465,907)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(110,500)	(467,055)	(577,555)	444,395	1,021,950
Other Financing Sources (Uses)					
Capital Reserve Transfer to Capital Projects	(125,000)	125,000	-	-	-
Total Other Financing Sources (Uses)	(125,000)	125,000	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(235,500)	(342,055)	(577,555)	444,395	1,021,950
Fund Balances, Beginning of Year	1,322,041	-	1,322,041	1,322,041	-
Fund Balances, End of Year	\$ 1,086,541	\$ (342,055)	\$ 744,486	\$ 1,766,436	\$ 1,021,950
<b>Reconciliation to Governmental Fund Statements (GAAP):</b>					
Restricted					
Excess Surplus				\$ 299,316	
Excess Surplus, Designated for Subsequent Year's Expenditures				131,296	
Capital Reserve				416,049	
Assigned Encumbrances				286,434	
Assigned - Designated for Subsequent Year's Expenditures				193,704	
Unassigned				439,637	
Total				1,766,436	
State Aid Not recognized on GAAP Basis				(398,426)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,368,010	

WALLINGTON BOARD OF EDUCATION  
 COMBINING BUDGETARY COMPARISON SCHEDULE  
 EDUCATION JOBS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources					
Education Jobs Fund	\$ 106,491	\$ 3,336	\$ 109,827	\$ 109,827	-
<b>TOTAL REVENUES</b>	<u>106,491</u>	<u>3,336</u>	<u>109,827</u>	<u>109,827</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Current Expenses					
Regular Programs - Instruction					
Grades 1-5 - Salaries of Teachers	53,370	3,336	56,706	56,706	
<b>Total Regular Programs - Instruction</b>	<u>53,370</u>	<u>3,336</u>	<u>56,706</u>	<u>56,706</u>	<u>-</u>
<b>Total Instruction</b>	<u>53,370</u>	<u>3,336</u>	<u>56,706</u>	<u>56,706</u>	<u>-</u>
Undistributed Expenditures					
Undist. Expend. - Speech, OT, PT and Related Services					
Salaries	53,121	-	53,121	53,121	-
<b>Total Undist. Expend. - Speech, OT, PT and Related Services</b>	<u>53,121</u>	<u>-</u>	<u>53,121</u>	<u>53,121</u>	<u>-</u>
<b>Total Undistributed Expenditures</b>	<u>53,121</u>	<u>-</u>	<u>53,121</u>	<u>53,121</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>106,491</u>	<u>3,336</u>	<u>109,827</u>	<u>109,827</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WALLINGTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State Sources	\$ 64,207	\$ 4,078	\$ 68,285	\$ 68,285	
Federal Sources	481,350	23,108	504,458	504,458	
Local Sources	-	1,000	1,000	1,000	-
	<u>545,557</u>	<u>28,186</u>	<u>573,743</u>	<u>573,743</u>	<u>-</u>
<b>Total Revenues</b>					
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	213,716	(18,865)	194,851	194,851	
Other Salaries for Instruction		2,400	2,400	2,400	
Other Purchased Services	14,500	(1,184)	13,316	13,316	
Tuition	15,000	3,027	18,027	18,027	
General Supplies		22,125	22,125	22,125	
Textbooks	9,000	43	9,043	9,043	-
	<u>252,216</u>	<u>7,546</u>	<u>259,762</u>	<u>259,762</u>	<u>-</u>
<b>Total Instruction</b>					
Support Services					
Salaries of Supervisors of Instruction		1,175	1,175	775	
Salaries - Other Professional Staff	181,759	4,460	186,219	186,219	
Salaries - Secretarial & Clerical	20,977	(1,070)	19,907	20,307	
Personal Services Employee-Benefits	80,355	(2,107)	78,248	78,248	
General Supplies		3,577	3,577	3,577	
Other Purchased Services		12,142	12,142	12,142	
Purchased Tech. Services	10,250	2,463	12,713	12,713	-
	<u>293,341</u>	<u>20,640</u>	<u>313,981</u>	<u>313,981</u>	<u>-</u>
<b>Total Support Services</b>					
Facilities Acquisition and Construction					
Construction Services					-
Instructional Equipment	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>					
	<u>545,557</u>	<u>28,186</u>	<u>573,743</u>	<u>573,743</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WALLINGTON BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1	\$ 17,088,542	C-2	\$ 573,743
Difference - Budget to GAAP:				
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2010/2011 State Aid)		337,549		
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2011/2012 State Aid)		<u>(398,426)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>\$ 17,027,665</u>	B-2	<u>\$ 573,743</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	<u>\$ 16,644,147</u>	C-2	<u>\$ 573,743</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 16,644,147</u>	B-2	<u>\$ 573,743</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

WALLINGTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	N.C.L.B.					Total Exhibit E-1A	Total 2012
	2011-12 Title I	2010-11 Title I	Title IIA	Title III	I.D.E.A. Basic		
<b>REVENUES</b>							
Intergovernmental							
State	\$ 170,111	\$ 713	\$ 42,768	\$ 17,169	\$ 267,036	\$ 6,661	\$ 68,285
Federal	-	-	-	-	-	-	504,458
Local	-	-	-	-	-	-	1,000
<b>Total Revenues</b>	<u>\$ 170,111</u>	<u>\$ 713</u>	<u>\$ 42,768</u>	<u>\$ 17,169</u>	<u>\$ 267,036</u>	<u>\$ 6,661</u>	<u>\$ 573,743</u>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	\$ 112,949	\$ 32,974	\$ 11,540	\$ 3,500	\$ 33,888	\$ 194,851	2,400
Other Salaries for Instruction	2,400				3,000		13,316
Other Purchased Services	9,500		816			6,027	18,027
Tuition					12,000		22,125
General Supplies	10,192	3,199	2,505		3,000		9,043
Textbooks	-	-	-	-	-	-	-
<b>Total Instruction</b>	<u>135,041</u>	<u>-</u>	<u>36,173</u>	<u>14,861</u>	<u>18,500</u>	<u>6,027</u>	<u>259,762</u>
Support Services							
Salaries of Supervisors of Instruction							775
Salaries - Other Professional Staff					185,691	528	186,219
Salaries - Secretarial & Clerical					19,907		20,307
Personal Services Employee-Benefits	23,070		6,595	2,308	39,361	106	78,248
Other Purchased Services							12,142
General Supplies	12,000	713	-	-	3,577	-	3,577
Purchased Technical Services							12,713
<b>Total Support Services</b>	<u>35,070</u>	<u>713</u>	<u>6,595</u>	<u>2,308</u>	<u>248,536</u>	<u>634</u>	<u>313,981</u>
Facilities Acquisition and Construction							
Instructional Equipment							
<b>Total Expenditures</b>	<u>\$ 170,111</u>	<u>\$ 713</u>	<u>\$ 42,768</u>	<u>\$ 17,169</u>	<u>\$ 267,036</u>	<u>\$ 6,661</u>	<u>\$ 573,743</u>

WALLINGTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BCUA Environ. Awareness	NonPublic Nursing	NonPublic Textbooks	Initial Exam & Classification	Compensatory Education	English as a Language	Corrective Speech	Supplementary Instruction	Total Exhibit E-1a
REVENUES									
Intergovernmental	\$ 12,917	\$ 9,043	\$ 7,403	\$ 27,896	\$ 1,724	\$ 7,899	\$ 1,403	\$ 68,285	
State	-	-	-	-	-	-	-	1,000	
Federal	-	-	-	-	-	-	-	-	
Local	-	-	-	-	-	-	-	-	
Total Revenues	\$ 12,917	\$ 9,043	\$ 7,403	\$ 27,896	\$ 1,724	\$ 7,899	\$ 1,403	\$ 69,285	
EXPENDITURES									
Instruction									
Salaries of Teachers			\$ 4,403	\$ 21,462	\$ 1,338	\$ 5,282	\$ 1,403	\$ 33,888	
Other Purchased Services			3,000					3,000	
Textbooks	\$ 9,043							9,043	
General Supplies				1,604	226	399		3,229	
Total Instruction	-	9,043	7,403	23,066	1,564	5,681	1,403	49,160	
Support Services									
Salaries - Supervisors of Instruction	\$ 775							775	
Salaries - Secretarial & Clerical				400				400	
Personal Services-Employee Benefits				4,430	160	2,218		6,808	
Other Purchased Services	12,142							12,142	
Total Support Services	12,917			4,830	160	2,218		20,125	
Facilities Acquisition and Construction									
Instructional Equipment									
Total Expenditures	\$ 12,917	\$ 9,043	\$ 7,403	\$ 27,896	\$ 1,724	\$ 7,899	\$ 1,403	\$ 69,285	

**WALLINGTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This Schedule is Not Applicable

**CAPITAL PROJECTS FUND**

WALLINGTON BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Amount Authorized	Amended Authorization	Prior Years	Expenditures to Date Current Year	Balance June 30, 2012
Upgrading Building Systems, ADA Improvements and Industrial Arts Room Conversion Project #5430-050-03-0801	\$ 5,080,109	\$ 5,080,109	\$ 4,634,003	\$ 331,967	\$ 114,139
Upgrading Security System and Fire Alarm Systems and the Replacement of Window Assemblies and Curtain Wall Project #5430-050-03-0805	1,042,177	1,042,177	1,040,483		1,694
Installation of Synthetic Turf Field at High School Athletic Field.	1,700,000	1,700,000	-	1,555,813	144,187
	\$ 7,822,286	\$ 7,822,286	\$ 5,674,486	\$ 1,887,780	\$ 260,020
Fund Balance- Budgetary basis					\$ 260,020
Less: Deferred SDA Grant Revenue					(179,119)
Fund Balance - GAAP Basis					\$ 80,901

Analysis of Amended Authorizations

Upgrading Building Systems, ADA Improvements and Industrial Arts room Conversion	\$ 3,047,694
Bond Proceeds	371
SDA Facilities Grant	2,032,044
Authorized Debt Not Issued	5,080,109
Upgrading Security System and Fire Alarm Systems and the Replacement of Window Assemblies and Curtain Wall	625,306
Bond Proceeds	416,871
SDA Facilities Grant	1,042,177
Installation of Synthetic Turf Field at High School Athletic Field.	1,425,000
Municipal Proceeds	275,000
Capital Reserve	1,700,000
Total Amended Authorizations	\$ 7,822,286

**WALLINGTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Revenues</b>	
Other	\$ <u>-</u>
 Total Revenues	 <u>-</u>
<b>Expenditures</b>	
Legal Services	25,981
Purchased Professional and Technical Services	15,280
Construction Services	<u>1,846,519</u>
 Total Expenditures	 <u>1,887,780</u>
 Excess of Revenues Over Expenditures	 <u>(1,887,780)</u>
 Excess of Revenues and Over Expenditures	 (1,887,780)
 Fund Balance- Beginning- Budgetary Basis	 <u>2,147,800</u>
 Fund Balance- Ending- Budgetary Basis	 <u>\$ 260,020</u>
 <b>Recapitulation:</b>	
Year-End Encumbrances	\$ 60,729
Unassigned	<u>199,291</u>
	 <u>\$ 260,020</u>

**WALLINGTON BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**ADA IMPROVEMENTS AND INDUSTRIAL ARTS ROOM CONVERSION**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SCC Grant	\$ 2,032,044	\$ -	\$ 2,032,044	\$ 2,032,044
Other Local Sources	371	-	371	371
Bond Proceeds	<u>3,047,694</u>	<u>-</u>	<u>3,047,694</u>	<u>3,047,694</u>
Total Revenues and Other Financing Sources	<u>5,080,109</u>	<u>-</u>	<u>5,080,109</u>	<u>5,080,109</u>
<b>Expenditures and Other Financing Uses</b>				
Legal Services	76,302	\$ 25,981	102,283	102,283
Purchased Professional and Technical Services	442,656	6,500	449,156	500,000
Construction Services	<u>4,115,045</u>	<u>299,486</u>	<u>4,414,531</u>	<u>4,477,826</u>
Total Expenditures and Other Financing Uses	<u>4,634,003</u>	<u>331,967</u>	<u>4,965,970</u>	<u>5,080,109</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 446,106</u>	<u>\$ (331,967)</u>	<u>\$ 114,139</u>	<u>\$ -</u>

**WALLINGTON BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**SECURITY/FIRE ALARM SYSTEM, WINDOW ASSEMBLIES AND CURTAIN WALL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**WALLINGTON BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**INSTALLATION OF SYNTHETIC TURF AT HIGH SCHOOL ATHLETIC FIELD**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Municipal Proceeds	\$ 1,425,000	\$ -	\$ 1,425,000	\$ 1,425,000
Capital Reserve	275,000	-	275,000	275,000
	<u>1,700,000</u>	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	-	\$ 8,780	8,780	100,000
Construction Services	-	1,547,033	1,547,033	1,600,000
	<u>-</u>	<u>1,555,813</u>	<u>1,555,813</u>	<u>1,700,000</u>
<b>Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<u>\$ 1,700,000</u>	<u>\$ (1,555,813)</u>	<u>\$ 144,187</u>	<u>\$ -</u>

**PROPRIETARY FUNDS**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**WALLINGTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 74,029	\$ 49,587	\$ 123,616
Total Assets	<u>\$ 74,029</u>	<u>\$ 49,587</u>	<u>\$ 123,616</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 1,566	\$ 1,566
Accrued Salaries and Wages		1,000	1,000
Due to Other Funds		47,021	47,021
Due to Student Groups	<u>\$ 74,029</u>	<u>-</u>	<u>74,029</u>
Total Liabilities	<u>\$ 74,029</u>	<u>\$ 49,587</u>	<u>\$ 123,616</u>

**WALLINGTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**WALLINGTON BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2012</u>
<u>ELEMENTARY SCHOOLS</u>				
General Office	\$ 5,598	\$ 19,511	\$ 18,976	\$ 6,133
Total Elementary Schools	<u>5,598</u>	<u>19,511</u>	<u>18,976</u>	<u>6,133</u>
<u>HIGH SCHOOL</u>				
High School	71,438	131,669	135,995	67,112
High School Athletic	<u>2,158</u>	<u>43,778</u>	<u>45,152</u>	<u>784</u>
Total High School	<u>73,596</u>	<u>175,447</u>	<u>181,147</u>	<u>67,896</u>
Total All Schools	<u>\$ 79,194</u>	<u>\$ 194,958</u>	<u>\$ 200,123</u>	<u>\$ 74,029</u>

**WALLINGTON BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Balance, July 1, <u>2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2012</u></b>
<b>ASSETS</b>				
Cash	\$ 48,145	\$ 10,323,295	\$ 10,321,853	\$ 49,587
Total Assets	<u>\$ 48,145</u>	<u>\$ 10,323,295</u>	<u>\$ 10,321,853</u>	<u>\$ 49,587</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 14,136	\$ 4,491,813	\$ 4,504,383	\$ 1,566
Due to Other Funds	33,009	19,714	5,702	47,021
Accrued Salaries and Wages	<u>1,000</u>	<u>5,811,768</u>	<u>5,811,768</u>	<u>1,000</u>
Total Liabilities	<u>\$ 48,145</u>	<u>\$ 10,323,295</u>	<u>\$ 10,321,853</u>	<u>\$ 49,587</u>

**LONG-TERM DEBT**

WALLINGTON BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Source</u>	<u>Date of Bond</u>	<u>Amount of Original Bond</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Reductions</u>	<u>Balance, June 30, 2012</u>
2005 School Bonds	5/15/2005	\$ 3,673,000	5/15/2013	\$ 165,000	4.125 %			
			5/15/2014	170,000	4.125			
			5/15/2015	180,000	4.125			
			5/15/2016	185,000	4.125			
			5/15/2017	195,000	4.125			
			5/15/2018	205,000	4.125			
			5/15/2019	210,000	4.125			
			5/15/2020	220,000	4.125			
			5/15/2021	230,000	4.125			
			5/15/22-24	240,000	4.125-4.20			
			5/15/2025	238,000	4.20			
						\$ 2,873,000	\$ 155,000	\$ 2,718,000
						\$ 2,873,000	\$ 155,000	\$ 2,718,000

WALLINGTON BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF LOANS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Source	Date of Loan	Amount of Original Loan	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2011	Retired	Balance, June 30, 2012
New Jersey Economic Development Authority								
Safe Program	8/18/93	\$ 144,177	7/15/12-2013	\$ 7,589	1.50%	\$ 22,766	\$ 7,588	\$ 15,178
Small Project Loan	8/18/93	432,533	7/15/2012 7/15/2013	30,676 32,042	5.288	92,090	29,372	62,718
						\$ 114,856	\$ 36,960	\$ 77,896

**EXHIBIT I-3**

**WALLINGTON BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

**WALLINGTON BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 311,696		\$ 311,696	\$ 311,696	
State Sources					
Debt Service Aid Type II	<u>3,512</u>	-	<u>3,512</u>	<u>3,512</u>	-
Total Revenues	<u>315,208</u>	-	<u>315,208</u>	<u>315,208</u>	-
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	191,961		191,961	191,960	\$ 1
Interest	<u>123,248</u>	-	<u>123,248</u>	<u>123,248</u>	-
Total Regular Debt Service	<u>315,209</u>	-	<u>315,209</u>	<u>315,208</u>	<u>1</u>
Total Expenditures	<u>315,209</u>	-	<u>315,209</u>	<u>315,208</u>	<u>1</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1)	-	(1)	-	1
Fund Balance, Beginning of Year	<u>1</u>	-	<u>1</u>	<u>1</u>	-
Fund Balance, End of Year	-	-	-	\$ 1	\$ 1
<u>Recapitulation of Balance</u>					
Designated for Subsequent Year's Expenditures				<u>\$ 1</u>	<u>\$ 1</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 90,206	\$ 103,110	\$ 237,640	\$ 416,747	\$ 1,052,778	\$ 1,682,307	\$ 3,021,899	\$ 3,166,711	\$ 2,828,362	\$ 4,545,130
Restricted	3	128,755	100,501	117,288	121,452	111,177	449,401	453,271	2,141,050	560,237
Unrestricted	1,203,514	880,006	639,658	1,195,534	849,370	876,509	686,233	(231,103)	63,987	321,316
<b>Total Governmental Activities Net Assets</b>	<b>\$ 1,293,723</b>	<b>\$ 1,111,871</b>	<b>\$ 977,799</b>	<b>\$ 1,733,569</b>	<b>\$ 2,023,600</b>	<b>\$ 2,669,993</b>	<b>\$ 4,157,533</b>	<b>\$ 3,388,879</b>	<b>\$ 5,033,399</b>	<b>\$ 5,426,683</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	7,536	9,698	7,032	5,274	3,516	1,758	38,472	48,766	31,455	14,074
Unrestricted			5,654	15,337	25,924	34,360				27,598
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 7,536</b>	<b>\$ 9,698</b>	<b>\$ 12,686</b>	<b>\$ 20,611</b>	<b>\$ 29,440</b>	<b>\$ 36,118</b>	<b>\$ 38,472</b>	<b>\$ 48,766</b>	<b>\$ 31,455</b>	<b>\$ 41,672</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 90,206	\$ 103,110	\$ 244,672	\$ 422,021	\$ 1,056,294	\$ 1,684,065	\$ 3,021,899	\$ 3,166,711	\$ 2,828,362	\$ 4,559,204
Restricted	3	128,755	100,501	117,288	121,452	111,177	449,401	453,271	2,141,050	560,237
Unrestricted	1,211,050	889,704	645,312	1,214,871	875,294	910,869	724,705	(182,337)	95,442	348,914
<b>Total District Net Assets</b>	<b>\$ 1,301,259</b>	<b>\$ 1,121,569</b>	<b>\$ 990,485</b>	<b>\$ 1,754,180</b>	<b>\$ 2,053,040</b>	<b>\$ 2,706,111</b>	<b>\$ 4,196,005</b>	<b>\$ 3,437,645</b>	<b>\$ 5,064,854</b>	<b>\$ 5,468,355</b>

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction	\$ 4,975,993	\$ 6,347,623	\$ 5,646,183	\$ 6,018,455	\$ 6,400,173	\$ 6,442,453	\$ 6,360,121	\$ 7,311,570	\$ 6,256,489	\$ 6,331,728
Regular	751,517	1,011,275	1,887,943	2,258,249	2,378,589	2,335,301	2,358,684	2,687,407	2,953,540	3,263,896
Special Education	643,820	727,341	503,843	545,371	602,429	680,656	680,660	761,544	503,974	573,469
Other Instruction	440,028	546,069	719,024	531,665	593,164	600,571	549,804	541,569	737,272	874,892
School Sponsored Activities And Athletics										
Support Services:										
Student	1,109,495	1,322,016	1,752,419	1,553,947	1,839,994	1,897,217	2,231,919	2,313,938	2,077,851	2,315,953
Tuition	1,264,985	1,506,357	1,752,419	1,553,947	1,839,994	1,897,217	2,231,919	2,313,938	2,077,851	2,315,953
School Administration	880,100	884,239	650,150	650,150	650,150	681,154	692,139	680,155	708,556	737,522
General Administration	484,287	600,113	414,099	394,094	436,172	451,607	475,699	426,646	475,699	482,413
Plant Operations And Maintenance	1,074,316	1,084,208	1,322,706	1,371,352	1,373,486	1,624,013	1,811,108	1,632,319	1,921,729	1,921,729
Public Transportation	502,373	340,359	322,318	275,733	357,234	369,442	385,153	432,642	317,217	317,217
Central Services	161,886	152,660	496,033	594,026	586,959	538,530	497,227	574,048	778,885	587,844
Interest On Long-Term Debt	15,805	9,533	31,731	163,480	157,652	131,048	144,456	197,286	128,880	131,669
Total Governmental Activities Expenses	\$ 11,804,575	\$ 14,421,813	\$ 13,467,549	\$ 14,256,764	\$ 15,335,396	\$ 15,935,839	\$ 15,951,596	\$ 17,646,280	\$ 16,637,454	\$ 17,533,332
<b>Business-Type Activities:</b>										
Food Service	63,739	66,362	93,052	94,715	100,987	107,815	121,517	129,128	160,846	144,108
Total Business-Type Activities Expense	63,739	66,362	93,052	94,715	100,987	107,815	121,517	129,128	160,846	144,108
Total District Expenses	\$ 11,868,314	\$ 14,488,175	\$ 13,560,601	\$ 14,351,479	\$ 15,436,383	\$ 16,043,654	\$ 16,073,113	\$ 17,775,408	\$ 16,798,300	\$ 17,677,440
<b>Program Revenues</b>										
Charges For Services	\$ 3,190,750	\$ 3,610,697	\$ 2,128,670	\$ 2,313,382	\$ 2,636,800	\$ 2,596,719	\$ 2,408,334	\$ 3,166,687	\$ 2,605,705	\$ 2,794,314
Operating Grants And Contributions	-	1,330	61,795	34,175	365,291	476,723	1,202,212	124,586	1,481,024	-
Capital Grants And Contributions	3,190,750	3,612,027	2,190,465	2,347,457	2,992,091	3,073,442	3,611,046	3,291,273	4,086,729	2,882,419
Total Governmental Activities Program Revenues	\$ 6,381,500	\$ 7,222,714	\$ 4,380,930	\$ 4,694,914	\$ 5,628,991	\$ 5,670,164	\$ 6,221,593	\$ 6,564,566	\$ 8,173,458	\$ 5,676,733
<b>Business-Type Activities:</b>										
Charges For Services	19,508	21,046	25,182	26,242	24,017	29,453	37,879	37,485	34,989	34,644
Food Service	43,497	45,451	58,789	63,870	71,682	75,128	80,764	101,511	108,260	119,681
Operating Grants And Contributions	63,005	64,497	83,971	90,112	96,699	108,581	118,643	138,996	143,249	154,323
Total Business-Type Activities Program Revenues	\$ 125,010	\$ 130,594	\$ 168,134	\$ 176,424	\$ 191,406	\$ 213,162	\$ 237,292	\$ 278,490	\$ 286,504	\$ 309,650
Total District Program Revenues	\$ 6,506,510	\$ 7,353,308	\$ 4,549,064	\$ 4,871,338	\$ 5,820,397	\$ 5,883,326	\$ 6,458,885	\$ 6,843,056	\$ 8,260,002	\$ 6,006,383
<b>Net (Expense)/Revenue</b>	\$ (8,613,845)	\$ (10,809,786)	\$ (11,277,084)	\$ (11,909,307)	\$ (12,343,305)	\$ (12,863,397)	\$ (12,340,560)	\$ (14,355,007)	\$ (12,550,753)	\$ (14,640,913)
Governmental Activities	(734)	(1,865)	(9,081)	(4,692)	(4,288)	766	(2,824)	9,868	(17,297)	10,217
Business-Type Activities	\$ (8,614,579)	\$ (10,811,651)	\$ (11,286,165)	\$ (11,913,910)	\$ (12,347,593)	\$ (12,864,163)	\$ (12,343,384)	\$ (14,364,875)	\$ (12,568,050)	\$ (14,651,130)
Total District-Wide Net Expense	\$ (8,614,579)	\$ (10,811,651)	\$ (11,286,165)	\$ (11,913,910)	\$ (12,347,593)	\$ (12,864,163)	\$ (12,343,384)	\$ (14,364,875)	\$ (12,568,050)	\$ (14,651,130)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 8,692,635	\$ 8,892,913	\$ 9,333,074	\$ 9,739,629	\$ 10,278,587	\$ 11,041,074	\$ 11,381,012	\$ 11,575,416	\$ 12,276,482	\$ 12,630,106
Taxes Levied For Debt Service	40,581	40,223	21,947	326,331	310,991	297,019	309,767	308,800	313,271	311,696
Loss on Retirement of Capital Assets	(68,431)	1,633,042	1,705,518	2,457,602	1,707,264	1,920,935	2,053,223	1,592,163	1,803,979	2,043,106
Unrestricted State & Federal Aid		6,580		4,343	4,302	4,302	2,287	2,352	2,081	2,139
State Restricted										
Donated Capital Assets	61,338	59,176	94,473	153,315	293,440	235,272	315,588	80,399	10,653	55
Interest Earned	(4,000)	(4,000)	(12,000)	(12,000)	(12,000)	(5,000)	(5,000)	27,223	109,461	47,095
Miscellaneous Income										
Transfers	8,632,103	10,627,934	11,143,012	12,665,077	12,633,336	13,508,790	13,828,090	14,510,814	15,034,197	15,034,197
Total Governmental Activities	\$ 23,222,226	\$ 23,147,778	\$ 23,618,626	\$ 24,361,028	\$ 24,991,706	\$ 25,818,475	\$ 26,205,712	\$ 26,992,248	\$ 27,734,477	\$ 28,169,356
Business-Type Activities:										
Investment Earnings	4,000	27	69	528	1,117	912	218	426	286	-
Transfers	4,000	4,000	12,000	12,000	12,000	5,000	5,000	-	-	-
Total Business-Type Activities	8,000	4,027	12,069	12,528	13,117	5,912	5,228	426	286	-
Total District-Wide	\$ 8,656,103	\$ 10,631,961	\$ 11,155,081	\$ 12,677,605	\$ 12,644,823	\$ 13,514,702	\$ 13,833,218	\$ 14,511,100	\$ 15,034,197	\$ 15,034,197
<b>Change in Net Assets</b>	\$ 18,238	\$ (181,852)	\$ (134,072)	\$ 755,770	\$ 290,051	\$ 646,393	\$ 1,487,540	\$ (768,654)	\$ 1,950,089	\$ 393,284
Governmental Activities	3,266	2,162	2,988	7,925	8,829	6,678	10,294	10,294	(17,311)	10,217
Business-Type Activities	21,524	(179,690)	(137,060)	763,695	298,860	633,071	1,489,894	(738,560)	1,967,400	383,067
Total District	\$ 24,790	\$ (177,528)	\$ (134,072)	\$ 837,390	\$ 307,719	\$ 649,749	\$ 1,498,188	\$ (728,266)	\$ 1,917,489	\$ 393,284

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

(Unaudited)  
 (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 594,074	\$ 700,232	\$ 754,150	\$ 1,129,099	\$ 911,668	\$ 795,915	\$ 1,507,736	\$ 969,861	\$ 572,345	\$ 846,661
Unreserved	867,426	494,563	360,633	559,143	507,817	696,678	164,117	(121,087)	234,878	480,138
Restricted	-	-	-	-	-	-	-	-	110,000	480,138
Committed	-	-	-	-	-	-	-	-	67,269	41,211
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 1,461,500</b>	<b>\$ 1,194,795</b>	<b>\$ 1,114,783</b>	<b>\$ 1,688,242</b>	<b>\$ 1,419,485</b>	<b>\$ 1,492,593</b>	<b>\$ 1,671,853</b>	<b>\$ 848,774</b>	<b>\$ 984,492</b>	<b>\$ 1,368,010</b>
All Other Governmental Funds										
Reserved	\$ (3,090)	\$ 141,085	\$ (3,090)	\$ 906,134	\$ 229,889	\$ 3,166,716	\$ 567,604	\$ 157,136	\$ 275,000	\$ 80,902
Unreserved	-	(20,150)	-	2,713,601	2,756,902	(823,476)	(28,006)	195,583	1,695,682	80,902
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ (3,090)</b>	<b>\$ 120,935</b>	<b>\$ 3,657,535</b>	<b>\$ 3,619,735</b>	<b>\$ 2,986,791</b>	<b>\$ 2,343,240</b>	<b>\$ 539,598</b>	<b>\$ 352,719</b>	<b>\$ 1,968,682</b>	<b>\$ 80,902</b>

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

**WALLINGTON BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**  
(Unaudited)

*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax Levy	\$ 8,643,216	\$ 8,933,136	\$ 9,355,021	\$ 10,066,160	\$ 10,589,578	\$ 11,338,093	\$ 11,690,779	\$ 11,884,216	\$ 12,589,753	\$ 12,941,802
Interest Earned					293,440	235,272	31,558	80,399	10,653	55
Miscellaneous	61,338	59,176	96,551	155,249	57,610	59,875	58,232	34,322	1,538,661	136,200
State Sources	2,835,251	4,682,976	3,308,546	4,126,433	4,203,479	4,577,304	3,202,503	3,756,414	3,832,555	4,206,050
Federal Sources	355,479	562,093	584,937	676,692	493,320	411,375	461,062	1,122,275	631,234	652,509
<b>Total Revenue</b>	<b>11,895,284</b>	<b>14,237,381</b>	<b>13,345,055</b>	<b>15,024,534</b>	<b>15,637,427</b>	<b>16,621,919</b>	<b>17,444,136</b>	<b>16,877,626</b>	<b>18,602,856</b>	<b>17,916,616</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,896,140	6,290,976	5,591,624	5,982,010	6,321,741	6,381,361	6,292,669	7,007,134	6,342,759	6,309,827
Special Education Instruction	750,211	1,010,311	1,894,383	2,257,436	2,375,485	2,532,171	2,355,036	2,677,595	2,966,392	3,260,322
Other Instruction	617,016	725,557	708,371	544,695	598,178	677,959	678,243	754,750	748,078	874,291
School Sponsored Activities and Athletics	448,743	546,069	503,843	531,115	589,467	598,528	549,804	541,369	503,974	573,098
<b>Support Services:</b>										
Tuition	1,109,495	1,322,016	1,750,711	1,546,833	1,816,412	1,863,321	2,198,215	2,270,945	2,064,302	2,288,333
Student and Inst. Related Services	1,259,878	1,493,631	407,976	390,921	431,557	444,667	686,682	468,454	421,662	478,559
General Administration	475,833	680,236	596,393	655,148	651,827	677,360	425,906	683,522	710,832	732,027
School Administration Services	576,743	665,511	1,119,657	1,300,722	1,322,882	1,544,290	1,573,347	1,758,441	1,364,810	1,571,284
Plant Operations And Maintenance	1,065,185	1,073,071	322,318	275,735	337,234	334,704	369,442	395,153	432,642	312,217
Pupil Transportation	302,373	340,359	434,973	531,908	553,836	504,836	504,836	522,698	777,074	587,017
Central Services	160,901	151,675	144,704	151,675	1,218,050	1,264,367	3,115,271	494,509	185,917	2,118,695
Capital Outlay	85,339	21,270	167,554	167,554	167,554	167,554	167,554	167,554	167,554	167,554
<b>Debt Service:</b>										
Principal	27,998	39,504	18,969	150,527	156,483	162,477	168,530	174,599	201,662	191,960
Interest and Other Charges	17,090	15,875	33,117	165,121	158,849	152,321	145,500	138,417	131,071	123,248
<b>Total Expenditures</b>	<b>11,792,945</b>	<b>14,376,061</b>	<b>13,549,889</b>	<b>14,476,875</b>	<b>16,527,128</b>	<b>17,187,362</b>	<b>19,063,518</b>	<b>17,887,584</b>	<b>16,851,175</b>	<b>19,420,878</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,339	(138,680)	(204,834)	547,659	(889,701)	(565,443)	(1,619,382)	(1,009,958)	1,751,681	(1,504,262)
<b>Other Financing Sources (Uses)</b>										
Serial Bonds Issued			3,673,000							
Accrued Interest on Serial Bonds Issued			422							
Transfers In		123,405	44,909						275,000	
Transfers Out	(4,000)	(127,405)	(56,909)	(12,000)	(12,000)	(5,000)	(5,000)		(275,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>3,661,422</b>	<b>(12,000)</b>	<b>(12,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 98,339</b>	<b>\$ (142,680)</b>	<b>\$ 3,456,588</b>	<b>\$ 535,659</b>	<b>\$ (901,701)</b>	<b>\$ (570,443)</b>	<b>\$ (1,624,382)</b>	<b>\$ (1,009,958)</b>	<b>\$ 1,751,681</b>	<b>\$ (1,504,262)</b>
Debt Service as a Percentage of Noncapital Expenditures	0.39%	0.39%	0.39%	2.20%	2.06%	1.98%	1.97%	1.80%	2.00%	1.82%

\* Noncapital expenditures are total expenditures less capital outlay.

EXHIBIT J-5

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

Fiscal Year Ended June 30,	Total	Interest on Investments	After School Program	Tuition Refunds	Prior Year Refunds	Prior Year Payables Adjustment	Miscellaneous
2003	\$ 61,338	\$ 9,660		\$	16,337	\$ 23,244	\$ 12,097
2004	48,436	7,542			4,526		36,368
2005	85,785	30,571			6,379		48,835
2006	153,315	139,718			4,337		9,260
2007	344,151	293,440					50,711
2008	285,147	235,272					49,875
2009	86,801	31,558				24,380	30,863
2010	107,622	80,399				27,223	
2011	120,314	10,653	\$	35,312	41,369	26,028	6,952
2012	135,255	55	\$ 88,104	33,506		6,866	6,724

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

Fiscal Year Ended June 30,	Total Assessed Value					Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Commercial	Industrial	Apartment			
2003	\$ 4,560,300	\$ 380,111,500	\$ 66,524,800	\$ 28,847,500	\$ 43,804,700	\$ 524,546,788	\$ 643,828,188	\$ 1.675
2004	4,833,200	380,505,300	66,412,300	29,262,700	43,804,700	525,416,421	733,484,995	1.740
2005	4,683,200	382,615,000	65,264,900	29,412,700	43,804,700	526,270,097	733,484,995	1.837
2006	4,715,900	384,231,900	64,869,100	29,587,700	43,804,700	527,594,752	958,986,676	1.955
2007	6,491,400	385,742,700	65,152,700	29,627,700	43,770,700	531,127,045	1,102,554,908	2.065
2008	8,502,900	888,727,800	145,055,200	59,260,700	98,700,800	1,200,977,432	1,207,882,021	0.959
2009	11,335,200	886,606,200	143,724,900	59,539,900	98,700,800	1,200,637,032	1,228,156,856	0.980
2010	9,487,600	887,642,800	148,426,900	57,358,000	95,700,800	1,200,813,430	1,171,151,635	1.018
2011	9,168,300	791,951,800	146,005,700	56,072,700	94,712,200	1,099,687,029	1,109,847,490	1.161
2012	8,976,300	791,945,200	146,933,100	54,215,800	94,602,200	1,098,393,412	1,029,241,284	1.202

Source: County Abstract of Ratables  
 Note: A revaluation of real property became effective for tax year 2008.

<sup>a</sup> Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Total</u>	<u>Wallington School District</u>	<u>Wallington Borough</u> (A)	<u>Bergen County</u>
2003	\$ 2.720	\$ 1.675	\$ 0.787	\$ 0.258
2004	2.910	1.740	0.882	0.288
2005	3.130	1.837	0.980	0.313
2006	3.370	1.955	1.083	0.332
2007	3.600	2.065	1.168	0.367
2008 (B)	1.691	0.959	0.544	0.188
2009	1.764	0.980	0.587	0.197
2010	1.837	1.018	0.627	0.192
2011 (C)	2.073	1.161	0.704	0.208
2012	2.133	1.202	0.723	0.208

Note: (A) Includes Library tax.

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

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

Source: Tax Duplicate

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

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mt Pleasant Village Investments LLC	\$ 27,500,000	2.50%		
Jasontown Apt. LLC	24,600,000	2.24%	\$ 12,000,000	2.29 %
Farmland Dairies	22,500,000	2.05%	13,110,000	2.51 %
Jasontown II Associates	22,440,000	2.04%	6,900,000	1.32 %
Wallington Plaza LLC	14,700,000	1.34%	7,075,200	1.35 %
Wallington Self Storage LLC	8,000,000	0.73%	2,702,500	0.52 %
Meridia at Parkway, LLC	6,900,000	0.63%		
480 Main Ave. Associates LLC	6,000,000	0.55%		
The Wallington Group, LLC	5,572,200	0.51%		
460 Main Ave Wallington LLC	5,500,000	0.50%		
Wallington Enterprises			2,980,000	0.57 %
Carlstadt - Moshen			2,375,800	0.45 %
WHCS Real Estates			2,250,000	0.43 %
Beta Realty			2,106,500	0.40 %
Individual Taxpayer			15,300,000	2.93
	<u>\$ 143,712,200</u>	<u>13.08%</u>	<u>\$ 66,800,000</u>	<u>12.77 %</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 8,643,216	\$ 8,643,216	100.00%	N/A
2004	8,933,136	8,933,136	100.00%	N/A
2005	9,355,021	9,355,021	100.00%	N/A
2006	10,066,160	10,066,160	100.00%	N/A
2007	10,589,578	10,589,578	100.00%	N/A
2008	11,338,093	11,338,093	100.00%	N/A
2009	11,690,779	11,690,779	100.00%	N/A
2010	11,884,216	11,884,216	100.00%	N/A
2011	12,589,753	12,589,753	100.00%	N/A
2012	12,941,802	12,941,802	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>EDA Loans Payable</u>			
2005	\$ 3,673,000	\$ 313,223	\$ 3,986,223	11,300	\$ 352.76
2006	3,553,000	282,696	3,835,696	11,189	342.81
2007	3,428,000	251,213	3,679,213	11,230	327.62
2008	3,298,000	218,736	3,516,736	11,249	312.63
2009	3,163,000	185,205	3,348,205	11,310	296.04
2010	3,023,000	150,606	3,173,606	11,348	279.66
2011	2,873,000	114,856	2,987,856	11,409	261.89
2012	2,718,000	77,896	2,795,896	11,409 (1)	245.06

(1) Estimated

Source: District records

Note:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Intergovern- mental Loans	Deductions			
2005	\$ 3,673,000	\$ 313,223		\$ 3,986,223	0.76%	\$ 352.76
2006	3,553,000	282,696		3,835,696	0.73%	342.81
2007	3,428,000	251,213		3,679,213	0.69%	327.62
2008	3,298,000	218,736		3,516,736	0.29%	312.63
2009	3,163,000	185,205		3,348,205	0.28%	296.04
2010	3,023,000	150,606		3,173,606	0.26%	279.66
2011	2,873,000	114,856		2,987,856	0.27%	261.89
2012	2,718,000	77,896		2,795,896	0.25%	245.06

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

**WALLINGTON BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2011  
(Unaudited)**

Net Direct Debt of School District as of December 31, 2011	\$ 2,950,896
Net Overlapping Debt of School District	
Wallington Borough (100%)	13,559,323
Passaic Valley Sewerage Commission	1,776,172
County of Bergen - Borough's Share	<u>4,474,046</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2011	<u>\$ 22,760,437</u>

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

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

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis

2011	\$1,028,680,502
2010	1,102,987,117
2009	1,163,264,178
	<u>\$3,294,931,797</u>

Average equalized valuation of taxable property	\$1,098,310,599
Debt limit (4 % of average equalization value)	43,932,424 <sup>a</sup>
Total Net Debt Applicable to Limit	2,795,896
Legal debt margin	<u>\$ 41,136,528</u>

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 23,623,178	\$ 25,970,217	\$ 29,253,140	\$ 33,444,367	\$ 38,273,969	\$ 43,174,417	\$ 46,783,915	\$ 47,782,425	\$ 46,491,777	\$ 43,932,424
Total Net Debt Applicable to Limit	371,696	332,192	6,435,138	6,402,526	6,126,043	5,557,378	3,348,205	3,173,606	2,987,856	2,795,896
Legal Debt Margin	\$ 23,251,482	\$ 25,638,025	\$ 22,818,002	\$ 27,041,841	\$ 32,147,926	\$ 37,617,039	\$ 43,435,710	\$ 44,608,819	\$ 43,503,921	\$ 41,136,528
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.57%	1.28%	22.00%	19.14%	16.01%	12.87%	7.16%	6.64%	6.43%	6.36%

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

<sup>a</sup> Limit set by NISA 18A.24-19 for a K through 12 district, other % limits would be applicable for other district types.

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2002	9.00%	\$ 51,913	11,483
2003	8.90%	51,132	11,427
2004	7.30%	54,462	11,398
2005	5.60%	56,706	11,300
2006	6.00%	62,714	11,189
2007	5.40%	67,394	11,230
2008	7.00%	68,227	11,249
2009	12.20%	63,198	11,310
2010	12.50%	65,486	11,348
2011	12.30%	N/A	11,409

Source: County Information vs. Municipality Information

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

Source: United States Bureau of Census

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

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

This information is not available.

This information is not available.

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

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	96	99	94	94	95	95	95	95	90	91
Special Education	3	3	3	3	3	3	3	4	4	4
Other Special Education	2	5	2	2	2	2	2	3	3	3
Other Instruction	10	5	10	10	10	10	10	10	8	8
Support Services:										
General Administration	4	4	4	4	4	4	4	4	4	4
School Administrative Services	7	7	7	7	7	7	7	8	7	7
Other Administrative Services	3	2	4	4	4	4	4	4	4	4
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology	1	1	1	1	1	1	2	2	1	1
Administrative Information Technology	12	12	12	12	12	12	13	12	10	10
<b>Total</b>	<b>141</b>	<b>141</b>	<b>140</b>	<b>140</b>	<b>141</b>	<b>141</b>	<b>143</b>	<b>145</b>	<b>134</b>	<b>135</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School	Senior High School				
2003	1,145.9	\$ 11,662,518	\$ 10,178	2.56%	111	1:15	1:15	1:15	1,145.9	1,089.2	1.71%	95.05%	
2004	1,145.5	14,299,412	12,483	22.65%	112	1:15	1:15	1:15	1,145.5	1,088.9	-0.03%	95.06%	
2005	1,130.5	13,330,249	11,791	-5.54%	109	1:12	1:12.8	1:12.8	1,130.5	1,064.2	-1.31%	94.14%	
2006	1,193.0	14,016,523	11,749	-0.36%	109	1:20.8	1:20	1:20	1,160.0	1,084.4	2.61%	93.48%	
2007	1,160.0	14,993,746	12,926	10.02%	108	1:19	1:12.3	1:12.3	1,161.3	1,092.9	0.11%	94.11%	
2008	1,152.0	15,608,197	13,549	4.82%	108	1:13	1:12.7	1:12.7	1,143.8	1,076.0	-1.51%	94.07%	
2009	1,157.0	17,080,059	14,762	8.96%	108	1:13.9	1:12.7	1:11.2	1,123.6	1,065.5	-1.77%	94.83%	
2010	1,153.0	17,080,059	14,814	0.35%	109	1:10.5	1:10.6	1:10.6	1,140.6	1,085.2	1.51%	95.14%	
2011	1,169.0	16,332,525	13,971	-5.69%	105	1:11.1	1:11.2	1:11.2	1,157.4	1,102.8	1.47%	95.28%	
2012	1,196.0	16,986,975	14,203	1.66%	106	1:11.5	1:10.8	1:10.8	1,188.7	1,127.4	2.70%	94.84%	

Sources: District records

Note: a Enrollment based on annual October district count.

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

c Cost per pupil represents operating expenditures divided by enrollment.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b>Jefferson School</b>										
Square Feet	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279
Capacity (students)	132	132	132	132	132	132	132	132	132	132
Enrollment	210	225	209	210	205	207	208	207	223	230
<b>Gavlak School</b>										
Square Feet	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297
Capacity (students)	283	283	283	283	283	283	283	283	283	283
Enrollment	390	378	366	374	364	377	378	377	381	400
<b><u>High School</u></b>										
Square Feet	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	572	579	593	609	591	568	571	569	549	566

**Number of Schools at June 30,**

Elementary =

Senior High School =

Source: District Records

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Jefferson School	\$ 45,499	\$ 44,492	\$ 54,501	\$ 46,570	\$ 51,477	\$ 42,693	\$ 57,917	\$ 37,826	\$ 39,836	\$ 48,696
Frank W. Gavlak School	59,881	59,741	72,469	53,188	58,793	48,760	66,147	43,201	49,577	41,625
Wallington High School	85,353	86,332	110,872	104,957	116,017	96,219	130,531	85,250	90,704	82,838
Total School Facilities	\$ 190,733	\$ 190,565	\$ 237,842	\$ 204,715	\$ 226,287	\$ 187,672	\$ 254,595	\$ 166,277	\$ 180,117	\$ 173,159

**WALLINGTON BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2012  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible/ Retention</u>
School Package Policy		
Buildings and Contents (All Locations)	\$ 29,410,918	\$ 1,000
Boiler and Machinery	10,000,000	1,000
General Automobile Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	5,000
Workers' Compensation	500,000	
General Liability - General Aggregate	3,000,000	
Student Accident Insurance - Bollinger	5,000,000	
Liability Umbrella - Each Occurrence	10,000,000	10,000
Public Official bonds - Western Surety Company		
Board Secretary	60,000	
Superintendent of Schools	60,000	

Source: District Insurance Records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Wallington Board of Education's basic financial statements and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and 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 Wallington Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Wallington Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wallington Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wallington Board of Education's internal control over financial reporting.

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

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

**Compliance and Other Matters**

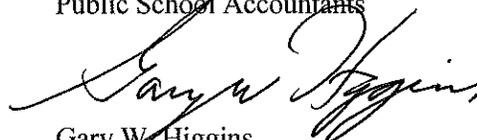
As part of obtaining reasonable assurance about whether the Wallington Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

We noted certain matters that we have reported to management of the Wallington Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 5, 2012.

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



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 5, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

### Independent Auditor's Report

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

#### Compliance

We have audited the Wallington Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Wallington Board of Education's major federal and state programs for the fiscal year ended June 30, 2012. Wallington Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Wallington Board of Education's management. Our responsibility is to express an opinion on Wallington Board of Education's compliance based on our audit.

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

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

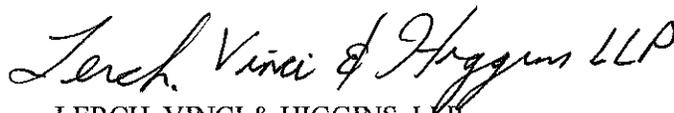
### Internal Control Over Compliance

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

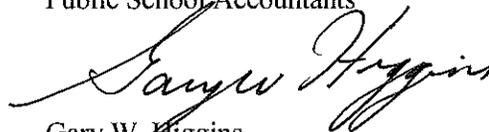
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or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

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

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



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



Gary W. Higgins  
 Public School Accountant  
 PSA Number CS00814

Fair Lawn, New Jersey  
 November 5, 2012

WALLINGTON BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Intergov't Receivable	June 30, 2012 Deferred Revenue	Due to Grantor	(Memo) GAAP Receivable
<b>U.S. Department of Agriculture</b>												
<b>Passed-Through State Department of Education</b>												
National School Lunch Program	10.555	7/1/11-6/30/12	\$ 105,113			\$ 98,854	\$ 105,113		\$ (6,259)			\$ 6,259
National School Lunch Program	10.555	7/1/10-6/30/11	98,566	(7,337)		7,337						
School Breakfast Program	10.553	7/1/11-6/30/12	12,194			11,356	12,194		(838)			838
School Breakfast Program	10.553	7/1/10-6/30/11	7,548	(512)		512						
Total U.S. Department of Agriculture												
				(7,849)		118,059	117,307		(7,097)			7,097
<b>U.S. Department of Health and Human Services</b>												
<b>Special Education Medicaid Initiative</b>												
	93.778	7/1/11-6/30/12	18,224			18,224	18,224					
Total U.S. Department of Health and Human Services												
			18,224			18,224	18,224					
<b>U.S. Department of Education</b>												
<b>Passed-through State Department of Education</b>												
<b>General Fund</b>												
Education Jobs Fund - A.R.R.A.	84.410A	8/10/10-9/30/12	\$ 109,827			109,827	109,827					
<b>Special Revenue Fund</b>												
<b>N.C.L.B.</b>												
Title I	84.010A	9/1/11-8/31/12	170,111			115,847	170,111		(54,264)			54,264
Title I	84.010A	9/1/10-8/31/11	176,867	(39,646)		40,359	713					
Title I - A.R.R.A.	84.389	9/1/09-8/31/10	44,256	(2,068)		2,068						
Title II A	84.367A	9/1/11-8/31/12	42,768			30,905	42,768		(11,863)			11,863
Title II A	84.367A	9/1/10-8/31/11	46,539	(10,132)		10,132						
Title III	84.365A	9/1/11-8/31/12	17,169			11,162	17,169		(6,007)			6,007
Title III	84.365A	9/1/10-8/31/11	19,771	(5,294)		5,294						
I.D.E.A. Part B, Basic	84.027	9/1/11-8/31/12	267,036			206,416	267,036		(60,620)			60,620
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	253,863	(48,470)		48,470						
I.D.E.A. Part B, Basic - A.R.R.A.	84.391	9/1/09-8/31/10	289,992	(24,724)		24,724						
I.D.E.A. Part B, Preschool	84.173	9/1/11-8/31/12	6,661			6,612	6,661		(49)			49
I.D.E.A. Part B, Preschool	84.173	9/1/10-8/31/11	6,150	(148)		148						
Total Special Revenue Fund												
				(130,482)		502,137	504,458		(132,803)			132,803
Total Federal Financial Assistance												
			\$ (138,331)			\$ 748,247	\$ 749,816		\$ (139,900)			\$ 139,900

WALLINGTON BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011 (Accts Rec.)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Refunds/ Adjustments	Accounts Receivable	Deferred Revenue/ Interfund	Due to Grantor	Memo Only			
													GAAP Receivable	Cumulative Total Expenditures		
State Department of Education																
Special Education, Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 669,705			\$ 604,999	\$ 669,705			\$ (64,706)			\$	669,705		
Special Education, Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	669,705	\$ (63,369)		63,369				(133,066)				133,066		
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	133,066				133,066									
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	107,177	(107,177)			107,177			(200,654)				2,076,757		
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	2,076,757			1,876,103	2,076,757									
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	1,764,928	(167,003)		167,003										
On Behalf TPAF Aid:																
TPAF NCGI	12-495-034-5095-007	7/1/11-6/30/12	24,841			24,841	24,841							24,841		
TPAF - Normal	12-495-034-5095-007	7/1/11-6/30/12	231,483			231,483	231,483							231,483		
TPAF Post-Retirement Medical	12-495-034-5095-001	7/1/11-6/30/12	515,278			515,278	515,278							515,278		
Reimbursed TPAF Social Security	12-495-034-5095-002	7/1/11-6/30/12	544,000			516,480	544,000			(27,520)			\$	27,520		
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	577,279	(27,258)		27,258										
Total General Fund				(364,807)		4,153,991	4,195,130			(425,946)				27,520	4,195,130	
N.J. Nonpublic Aid:																
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	9,043			9,043	9,043							9,043		
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	12,917			12,917	12,917							12,917		
Auxiliary Services																
Compensation Education	12-100-034-5120-067	7/1/11-6/30/12	27,896			27,896	27,896							27,896		
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	1,724			1,724	1,724							1,724		
Handicapped Services																
Initial Exam & Classification	12-100-034-5120-066	7/1/11-6/30/12	7,403			7,403	7,403							7,403		
Initial Exam & Classification	11-100-034-5120-066	7/1/10-6/30/11	7,809			7,809										
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	7,899			7,899	7,899							7,899		
Supplementary Instruction	12-100-034-5120-066	7/1/11-6/30/12	1,403			1,403	1,403							1,403		
Total Special Revenue Fund					4,902	68,285	68,285		4,902						68,285	
Debt Service Aid (Debt Service Fund)																
			3,512			3,512	3,512							3,512		
State School Lunch Program																
			2,374			2,236	2,374			(138)				138	2,374	
State School Lunch Program																
			2,146	(169)		169										
Total Food Service Fund				(169)		2,405	2,374			(138)				138	2,374	
New Jersey Economic Development Authority (Capital Projects Fund)																
Facilities Grant Program	5430-050-03-0801	7/1/04-6/30/11	2,032,044	(75,827)						(254,269)		178,442				
Facilities Grant Program	5430-050-03-0805	7/1/04-6/30/11	416,871	(7,922)						(8,599)		677				
Total Capital Projects Fund				(83,749)						(262,868)		179,119				
Total State Financial Assistance				(448,725)	4,902	4,208,193	4,269,501		4,902	(688,952)		179,119		\$	27,658	4,269,501
Less:																
On-Behalf Assistance Not Included in Single Audit and Major Program Determination																
TPAF - Normal			(231,483)													
TPAF Post-Retirement Medical Contribution			(515,278)													
TPAF - NCGI			(24,841)													
Total State Financial Assistance Subject to Single Audit and Major Program Determination			\$ 3,455,591		4,902	3,497,692										

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$60,877 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 128,051	\$ 4,134,253	\$ 4,262,304
Special Revenue Fund	504,458	68,285	572,743
Debt Service Fund		3,512	3,512
Food Service Fund	<u>117,307</u>	<u>2,374</u>	<u>119,681</u>
Total Financial Assistance	<u>\$ 749,816</u>	<u>\$ 4,208,424</u>	<u>\$ 4,958,240</u>

**WALLINGTON BOARD OF EDUCATION  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**NOTE 5 STATE LOANS OUTSTANDING**

The District's state loans outstanding at June 30, 2012, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
New Jersey Economic Development Authority	N/A	<u>\$ 77,896</u>

**NOTE 6 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$544,000 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. The amount reported as TPAF Pension System Contributions in the amount of \$256,324 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$515,278 represents the amount paid by the State on behalf of the District for the year ended June 30, 2012.

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

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



**WALLINGTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>12-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>12-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security</u>
_____	_____
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee?        X   yes      \_\_\_\_\_ no

**WALLINGTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Party 2 - Schedule of Financial Statement Findings*

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

There are none.

**WALLINGTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**WALLINGTON BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.