

WHARTON BOARD OF EDUCATION

**Wharton Borough Board of Education
Wharton, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

WHARTON BOARD OF EDUCATION

Wharton, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Wharton Borough Board of Education
Business Office**

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INTRODUCTORY SECTION

WHARTON BOARD OF EDUCATION

"In partnership with the community, the Wharton School District is committed to educational excellence and guarantees challenging learning opportunities for all students to become life-long learners and productive and responsible members of society."

Dennis Mack
Superintendent

Pamela Hinman
School Business Administrator

Mr. Dennis Mack
Interim Superintendent

Pamela Hinman
Business Administrator

Alan Bocchino
Supervisor
Curriculum/Instruction

Board of Education
Stuart Goulden
President

William Rogers
Vice President

Anthony Astrologo
James Gottshall
Socorro Sampson
Marc Towne
Theresa Yeager

Superintendent's Office
973.361.2592
Fax 973.895.2187

Business Office
973.361.2593
Fax 973.895.2187

Marie V. Duffly School
973.361.2506
Fax 973.361.4917

Alfred C. MacKinnon School
973.361.1253
Fax 973.361.4805

Child Study Team
973.361.3010
Fax 973.361.4897

Guidance
973.361.2541
Fax 973.361.4917

September 27, 2012

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

Dear Honorable President and Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES:

The Wharton Board of Education is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Wharton Board of Education and its schools constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The District provides a full range of educational services appropriate to grade levels K through 8 as well as special education for handicapped students. The District completed the 2011-2012 fiscal year with an average daily enrollment of 772 students, which is a decrease of 14 students from the previous year's enrollment.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2011-12	772	(1.74%)
2010-11	786	(2.36%)
2009-10	804	2.42%
2008-09	785	(0.38%)
2007-08	788	0.53%

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough continues to seek new business to the area to improve the industrial and commercial tax base.

3) MAJOR INITIATIVES:

The Board's current major initiatives are

- Current Interlocal Service Agreements with Morris Hills Regional District for Child Study Team Services, Technology Services, and Custodial Services. The District continues a shared service for the Interim Superintendent with Mine Hill School District. The District is evaluating all shared services continually for cost saving initiatives.
- Continued Stability and Growth of Early Childhood Program
- Continued Infusion of Technology
- Enhanced Performance Assessment Tools
- Performance Assessment
- Improved Professional Development
- Continued Infusion of Additional Resources through State and Federal Grants

4) INTERNAL ACCOUNTING CONTROLS:

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

4) INTERNAL ACCOUNTING CONTROLS: (Cont'd)

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

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

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 and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) 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. The Business Administrator oversees risk management for the District. A Schedule of Insurance Coverage is found on Exhibit J-20.

9) DEBT ADMINISTRATION: At June 30, 2012, the District had \$2,890,000 in outstanding general obligation bonds. The proceeds of the bond issues were used for the construction of additions and renovations to both the Duffy and MacKinnon Schools.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP CPAs, was selected by the Board of Education at its last organization meeting. 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 Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Dennis Mack
Interim Superintendent

Pamela L. Hinman
Business Administrator/Board Secretary

**WHARTON BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Stuart Goulden, President	2013
William Rogers, Vice President	2012
Anthony Astrologo	2014
Marc Towne	2014
Socorro Sampson	2013
Theresa Yeager	2013
James Gottshall	2012

<u>Other Officials</u>	<u>Title</u>
Dennis Mack	Interim Superintendent
Pamela Hinman	Business Administrator/Board Secretary
Susan Megletti	Treasurer of School Monies

**WHARTON BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Philip Stern
Adams, Stern, Gutierrez & Lattiboudere LLC
The Legal Center
1037 Raymond Boulevard, Suite 710
Newark, NJ 07102

Architect

Marcus Rosenau
SSP Architects
148 West End Ave
Somerville, NJ 08876

Insurance Agent

Morville Agency
55 Newton Sparta Road #102
Newton, NJ 07860

Official Depository

TD Bank
240 Route 10 West
Succasunna, NJ 07876

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Wharton Board of Education in the County of Morris, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Wharton Board of Education in the County of Morris, 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 September 27, 2012, on our consideration of the Board of Education of the Wharton 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, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Wharton Board of Education's financial statements. The accompanying supplementary information schedules such as the combining and individual nonmajor fund financial statements and the Schedules of Expenditures of Federal and State Awards, 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's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

September 27, 2012
Mount Arlington, New Jersey

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

This section of Wharton Board of Education's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- Overall revenue was \$14,564,549.
- Overall expenses were \$13,146,835.
- The District's financial condition improved by \$1,417,714 over the course of the year.

Overview of the Financial Statements

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

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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

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

**Figure A-1
Organization of Wharton Board of Education's Financial Report**

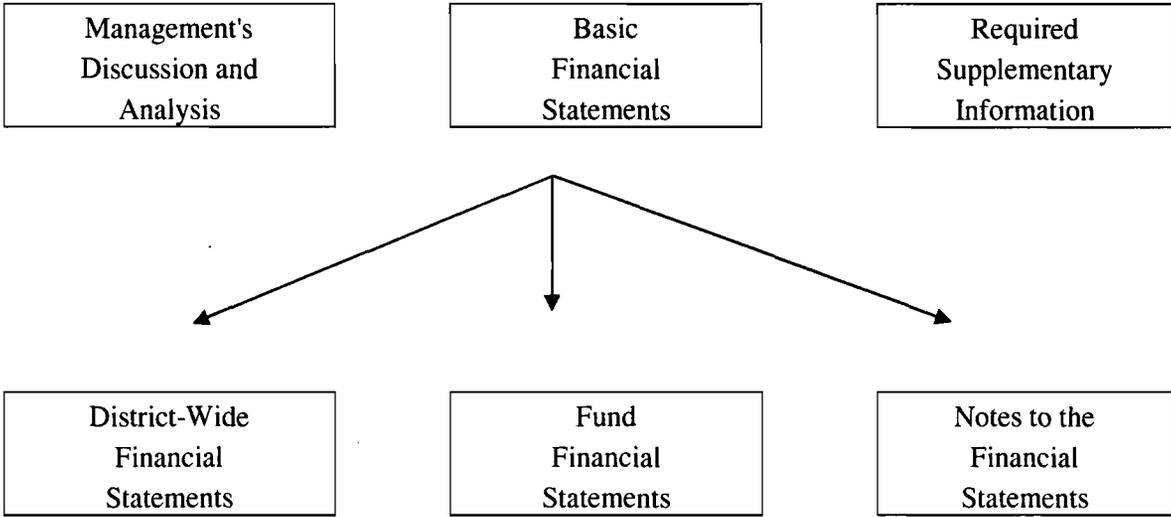


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

Financial Analysis of the District as a Whole

Net Assets: The District's combined net assets increased \$1,417,714. Net assets from governmental activities increased \$1,431,831 and net assets from business-type activities decreased \$14,117. Net assets invested in capital assets increased \$197,562, restricted net assets increased \$1,111,590, and unrestricted net assets increased \$108,562.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2011-2012
	2012	2011	2012	2011	2012	2011	
Current/Other Assets	\$ 3,097,883	\$2,080,105	\$ 86,625	\$142,543	\$ 3,184,508	\$ 2,222,648	43.28%
Capital Assets	5,008,283	5,203,730	7,134	9,987	5,015,417	5,213,717	-3.80%
Total Assets	8,106,166	7,283,835	93,759	152,530	8,199,925	7,436,365	10.27%
Long-term Debt							
Outstanding	3,274,326	3,749,520			3,274,326	3,749,520	-12.67%
Other Liabilities	644,295	778,601	3,309	47,963	647,604	826,564	-21.65%
Total Liabilities	3,918,621	4,528,121	3,309	47,963	3,921,930	4,576,084	-14.30%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	2,109,328	1,908,913	7,134	9,987	2,116,462	1,918,900	10.30%
Restricted	2,450,988	1,339,398			2,450,988	1,339,398	82.99%
Unrestricted/(Deficit)	(372,771)	(492,597)	83,316	94,580	(289,455)	(398,017)	27.28%
Total Net Assets	\$ 4,187,545	\$2,755,714	\$ 90,450	\$104,567	\$ 4,277,995	\$ 2,860,281	49.57%

Changes in Net Assets. The District's combined net assets were \$4,277,995 on June 30, 2012, \$1,417,714 or 49.57% greater than they were the year before. (See Figure A-3).

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

The increase in net assets from governmental activities is due to several factors. Net assets invested in capital assets increased \$200,415 due to a \$380,000 reduction in bonded debt and a \$15,862 reduction in capital leases. Also, the District purchased \$92,536 of Capital Assets during the fiscal year 2012, offset by \$287,983 in current year depreciation. Restricted net assets increased \$1,111,950 primarily due to increases in Capital Reserve and excess surplus. Unrestricted net assets increased \$108,562.

**Figure A-4
Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2011-2012
	2012	2011	2012	2011	2012	2011	
Revenue:							
Program Revenue:							
Fees for Services	\$ 370,685	\$ 319,321	\$101,847	\$ 102,126	\$ 472,532	\$ 421,447	12.12%
Operating Grants/ Contributions	2,760,807	2,234,640	232,751	206,050	2,993,558	2,440,690	22.65%
General Revenue:							
Property Taxes Unrestricted	7,843,859	7,779,841			7,843,859	7,779,841	0.82%
Federal/State Aid	3,229,022	2,747,655			3,229,022	2,747,655	17.52%
Other	25,504	99,499	74	11,311	25,578	110,810	-76.92%
Total Revenue	14,229,877	13,180,956	334,672	319,487	14,564,549	13,500,443	7.88%
Expenses:							
Instruction	8,552,803	8,030,317			8,552,803	8,030,317	6.51%
Pupil/Instruction Services	1,672,313	1,736,393			1,672,313	1,736,393	-3.69%
Administration/ Business	1,108,489	1,145,278			1,108,489	1,145,278	-3.21%
Maintenance and Operations	795,406	850,071			795,406	850,071	-6.43%
Transportation	223,858	80,522			223,858	80,522	178.01%
Other	445,177	929,624	348,789	285,688	793,966	1,215,312	-34.67%
Total Expenses	12,798,046	12,772,205	348,789	285,688	13,146,835	13,057,893	0.68%
Increase/(Decrease) in Net Assets	\$ 1,431,831	\$ 408,751	\$ (14,117)	\$ 33,799	\$ 1,417,714	\$ 442,550	220.35%

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

Revenue Sources. The District's total revenue for the 2011-2012 school year was \$14,564,549. (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$7,843,859 of the total, or 53.86 percent. (See Figure A-5). Another 42.72 percent came from state and federal aid for specific programs and general aid, and the remaining 3.42 percent from miscellaneous sources. The Wharton Board of Education basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5
Sources of Revenue for Fiscal Year 2012**

Sources of Income	Amount	Percentage
State Formula Aid	\$ 3,530,928	24.24%
Property Taxes	7,843,859	53.86%
Federal and State Categorical Grants	2,691,652	18.48%
Charges for Services	472,532	3.24%
Other	25,578	0.18%
	<u>\$ 14,564,549</u>	<u>100.00%</u>

Expenses. The total cost of all programs and services was \$13,146,835. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (75.41 percent). (See Figure A-6). The District's administrative and business activities accounted for 13.90 percent of total costs. Other expenses represented 10.69% of total costs and includes \$290,836 of depreciation expense related to its capital assets.

**Figure A-6
Expenses for Fiscal Year 2012**

Expense Category	Amount	Percentage
Instruction	\$ 8,552,803	61.49%
Pupil and Instruction Services	1,672,313	13.30%
Administration and Business	1,108,489	13.90%
Maintenance and Operations	795,406	1.38%
Transportation	223,858	0.62%
Other	793,966	9.31%
	<u>\$ 13,146,835</u>	<u>100.00%</u>

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

Governmental Activities

The financial position of the District has increased over the course of the year. Through careful budgeting the District has managed to maintain programs including extra-curricular activities, in spite of increased special education, salary and fringe benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District constantly monitors all expenditures throughout the fiscal year.

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

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction	\$ 8,552,803	\$ 8,030,317	\$ 5,484,975	\$ 5,548,789
Pupil and Instruction Services	1,672,313	1,736,393	1,657,951	1,709,432
Administration and Business	1,108,489	1,145,278	1,059,187	1,774,555
Maintenance and Operations	795,406	850,071	795,406	180,260
Transportation	223,858	80,522	223,858	75,584
Other	445,177	929,624	445,177	929,624
Total	\$ 12,798,046	\$ 12,772,205	\$ 9,666,554	\$ 10,218,244

- The cost of all governmental activities this year was \$12,798,046.
- The federal and state governments subsidized certain programs with grants and contributions.
- Approximately 54% of the District's costs, however, were financed by District taxpayers.
- A portion of the governmental activities was financed with formula-based state aid.
- The remainder of the funding came from fees for services, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity decreased \$14,117. This is primarily attributable to Food Service expenses exceeding revenues. (Refer to Figure A-4).

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

Financial Analysis of the District's Funds

Significant changes in the student population and difficult economic times have added pressure to the District's budget. Special education costs continue to escalate with several pupils with disabilities placed in out-of-district programs. These pupils are profoundly disabled and require complex educational and related services our District does not have capacity or personnel to provide.

Construction of renovations to the elementary school was completed several years ago; however, the contractor's default has resulted in the District now being entangled in costly litigation. Estimated liabilities associated with the project have been accrued; however, should additional costs arise from litigation, the District will have to appeal to the State Department of Education for financial relief.

Faculty costs have increased slightly with the addition of new staff in the areas of health and physical education. Fringe benefit costs for all staff continue to increase dramatically.

Difficult economic times have had a direct impact upon the District's revenue sources placing a greater burden on our local taxpayers. The District has historically utilized funds from the unappropriated balance to reduce the tax levy.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Additional transfers were made for legal fees as a result of on going litigation.

Capital Asset and Debt Administration

Capital Assets

The District's capital assets decreased \$198,300. This is due to the purchase of \$92,536 of assets in the governmental funds. Additionally, there was current year depreciation of \$287,983 and \$2,853 in its governmental and business-type activities, respectively.

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

Capital Assets

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2011-2012
	2012	2011	2012	2011	2012	2011	
Sites (Land)	\$ 164,279	\$ 164,279			\$ 164,279	\$ 164,279	
Construction in Progress	18,265	18,265			18,265	18,265	
Site Improvements Buildings/Bldg. Improvements	352,944	375,825			352,944	375,825	-6.09%
Furniture, Machinery and Equipment	4,321,467	4,562,848			4,321,467	4,562,848	-5.29%
	151,328	82,513	\$ 7,134	\$ 9,987	158,462	92,500	71.37%
Total	\$ 5,008,283	\$ 5,203,730	\$ 7,134	\$ 9,987	\$ 5,015,417	\$ 5,213,717	-3.80%

Long-term Debt

At year-end, the District had \$2,890,000 in general obligation bonds – a reduction of \$380,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage Change 2011-2012
	2012	2011	
General Obligation Bonds (Financed with Property Taxes)	\$ 2,890,000	\$ 3,270,000	-11.62%
Obligations Under Capital Leases	8,955	24,817	-63.92%
Compensated Absences Payable	375,371	454,703	-17.45%
	\$ 3,274,326	\$ 3,749,520	-12.67%

- The District continued to pay down its debt, retiring \$380,000 of outstanding bonds and reducing its liability for capital leases by a net amount of \$15,862.
- Compensated Absences decreased by \$79,332 during the year due to the accrual of \$27,336 offset by a payment to retirees of \$106,668
- No new debt was issued during the year.

Factors Bearing on the District's Future

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

- The District's enrollment decreased during the current year.

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 137 East Central Avenue, Wharton, New Jersey 07885.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 507,050	\$ 56,208	\$ 563,258
Receivable from State Government	88,014	158	88,172
Receivable from Federal Government	295,145	7,632	302,777
Receivable from Other Governments	180,547	18,283	198,830
Inventories		4,344	4,344
Restricted Assets:			
Capital Reserve Account - Cash	1,627,592		1,627,592
Emergency Reserve Account - Cash	149,536		149,536
Maintenance Reserve Account - Cash	250,000		250,000
Capital Assets, Net:			
Sites (Land) and Construction in Progress	182,544		182,544
Depreciable Site Improvements, Buildings, Building Improvements and Furniture, Machinery and Equipment	4,825,739	7,134	4,832,873
Total Assets	<u>8,106,166</u>	<u>93,759</u>	<u>8,199,925</u>
LIABILITIES			
Accrued Interest Payable	57,800		57,800
Accounts Payable - Vendors	473,771		473,771
Interfund Payable	19,623		19,623
Deferred Revenue	93,101	3,309	96,410
Noncurrent Liabilities:			
Due Within One Year	250,928		250,928
Due Beyond One Year	3,023,398		3,023,398
Total Liabilities	<u>3,918,621</u>	<u>3,309</u>	<u>3,921,930</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,109,328	7,134	2,116,462
Restricted for:			
Special Revenue/(Deficit)	(54,870)		(54,870)
Capital Projects	67,354		67,354
Debt Service	1		1
Other Purposes	2,438,503		2,438,503
Unrestricted/(Deficit)	(372,771)	83,316	(289,455)
Total Net Assets	<u>\$ 4,187,545</u>	<u>\$ 90,450</u>	<u>\$ 4,277,995</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 5,652,459	\$ 370,685	\$ 1,804,044		\$ (3,477,730)	\$	\$ (3,477,730)
Special Education	2,563,983		857,523		(1,706,460)		(1,706,460)
Other Instruction	336,361		35,576		(300,785)		(300,785)
Support Services:							
Tuition	264,770				(264,770)		(264,770)
Student & Instruction Related Services	1,407,543		14,362		(1,393,181)		(1,393,181)
General Administration Services	378,817				(378,817)		(378,817)
School Administration Services	448,316		49,302		(399,014)		(399,014)
Central Services	281,356				(281,356)		(281,356)
Plant Operations and Maintenance	795,406				(795,406)		(795,406)
Pupil Transportation	223,858				(223,858)		(223,858)
Administrative Information Technology	43,967				(43,967)		(43,967)
Interest on Long-Term Debt	115,600				(115,600)		(115,600)
Unallocated Depreciation	285,610				(285,610)		(285,610)
Total Governmental Activities	12,798,046	370,685	2,760,807	-0-	(9,666,554)		(9,666,554)

WHARTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Functions/Programs	Program Revenue			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
Business-Type Activities:							
Food Service	\$ 348,789	\$ 101,847	\$ 232,751		\$ (14,191)	\$ (14,191)	(14,191)
Total Business-Type Activities	348,789	101,847	232,751		(14,191)	(14,191)	(14,191)
Total Primary Government	\$ 13,146,835	\$ 472,532	\$ 2,993,558	\$ -0-	\$ (9,666,554)	(14,191)	(9,680,745)

General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				7,474,224			7,474,224
Taxes Levied for Debt Service				369,635			369,635
Federal and State Aid not Restricted				3,229,022			3,229,022
Investment Earnings				83	74		157
Miscellaneous Income				25,421			25,421
Total General Revenue				11,098,385	74		11,098,459
Change in Net Assets				1,431,831	(14,117)		1,417,714
Net Assets - Beginning				2,755,714	104,567		2,860,281
Net Assets - Ending				\$ 4,187,545	\$ 90,450		\$ 4,277,995

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

FUND FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
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>
ASSETS:					
Cash and Cash Equivalents	\$ 507,049			\$ 1	\$ 507,050
Interfund Receivables	69,617		\$ 77,592		147,209
Receivables from Federal Government	127,935	\$ 167,210			295,145
Receivables from State	88,014				88,014
Other Accounts Receivable	180,547				180,547
Restricted Cash and Cash Equivalents	2,027,128				2,027,128
Total Assets	<u>\$ 3,000,290</u>	<u>\$ 167,210</u>	<u>\$ 77,592</u>	<u>\$ 1</u>	<u>\$ 3,245,093</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable - Vendors	\$ 371,982	\$ 101,789			\$ 473,771
Interfund Payable	97,215	59,379	\$ 10,238		166,832
Deferred Revenue	32,189	60,912			93,101
Total Liabilities	<u>501,386</u>	<u>222,080</u>	<u>10,238</u>		<u>733,704</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,627,592				1,627,592
Maintenance Reserve Account	149,536				149,536
Emergency Reserve Account	250,000				250,000
Excess Surplus	406,753				406,753
Excess Surplus - Designated for Subsequent Year's Expenditures	4,623				4,623
Debt Service Fund				\$ 1	1
Committed			67,354		67,354
Assigned:					
Other Purposes	60,400				60,400
Unassigned/(Deficit)	<u>(54,870)</u>				<u>(54,870)</u>
Total Fund Balances	<u>2,498,904</u>	<u>(54,870)</u>	<u>67,354</u>	<u>1</u>	<u>2,511,389</u>
Total Liabilities and Fund Balances	<u>\$ 3,000,290</u>	<u>\$ 167,210</u>	<u>\$ 77,592</u>	<u>\$ 1</u>	<u>\$ 3,245,093</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are different because:

Total Fund Balances - Governmental Funds (Above)	\$ 2,511,389
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$9,380,571 and the accumulated depreciation is \$4,372,288.	5,008,283
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(3,274,327)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(57,800)
Net Assets of Governmental Activities	<u>\$ 4,187,545</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 7,474,224			\$ 369,635	\$ 7,843,859
Tuition from Other LEA's	370,685				370,685
Investment Interest	83				83
Miscellaneous	25,421				25,421
Total - Local Sources	<u>7,870,413</u>			<u>369,635</u>	<u>8,240,048</u>
State Sources	4,314,556	\$ 540,776		133,090	4,988,422
Federal Sources	140,697	860,710			1,001,407
Total Revenue	<u>12,325,666</u>	<u>1,401,486</u>		<u>502,725</u>	<u>14,229,877</u>
EXPENDITURES:					
Instruction:					
Regular Instruction	3,726,560	643,879			4,370,439
Special Education Instruction	1,235,738	768,226			2,003,964
Other Instruction	210,384				210,384
Support Services and Undistributed Costs:					
Tuition	264,770				264,770
Student & Instruction Related Services	1,220,669				1,220,669
General Administration Services	296,830				296,830
School Administration Services	285,740				285,740
Central Services	208,930				208,930
Administrative Information Technology	43,967				43,967
Plant Operations and Maintenance	795,337				795,337
Pupil Transportation	223,854				223,854
Unallocated Benefits	2,636,410				2,636,410

WHARTON BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
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>
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 20,899				\$ 20,899
Debt Service:					
Principal				\$ 380,000	380,000
Interest and Other Charges				122,725	122,725
Total Expenditures	<u>1,170,088</u>	<u>\$ 1,412,105</u>		<u>502,725</u>	<u>13,084,918</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	1,155,578	(10,619)			1,144,959
Fund Balance/(Deficit)—July 1	<u>1,343,326</u>	<u>(44,251)</u>	<u>\$ 67,354</u>	<u>1</u>	<u>1,366,430</u>
Fund Balance/(Deficit)—June 30	<u>\$ 2,498,904</u>	<u>\$ (54,870)</u>	<u>\$ 67,354</u>	<u>\$ 1</u>	<u>\$ 2,511,389</u>

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

WHARTON BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,144,959

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

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

Depreciation Expense	\$ (287,983)
Capital Outlays	<u>92,536</u>
	(195,447)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. (+) 79,332

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities 380,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+) 15,862

Change in Net Assets - Governmental Activities (from A-2) 7,125

\$ 1,431,831

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

WHARTON BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 56,208
Intergovernmental Accounts Receivable:	
Federal	7,632
State	158
Interfund Receivable	18,283
Inventories	4,344
	86,625
Total Current Assets	86,625
Non-Current Assets:	
Capital Assets	42,800
Less: Accumulated Depreciation	(35,666)
	7,134
Total Non-Current Assets	7,134
Total Assets	93,759
LIABILITIES:	
Current Liabilities:	
Deferred Revenue	3,309
	3,309
Total Liabilities	3,309
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	7,134
Unrestricted	83,316
	83,316
Total Net Assets	\$ 90,450

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

WHARTON BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - <u>Enterprise Funds</u> Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 76,699
Daily Sales - Non-Reimbursable Programs	<u>25,148</u>
Total Operating Revenue	<u>101,847</u>
Operating Expenses:	
Cost of Sales	141,479
Salaries, Benefits & Payroll Taxes	104,841
Supplies, Insurance & Other Costs	10,997
Management Fee	8,058
Miscellaneous	80,561
Depreciation Expense	<u>2,853</u>
Total Operating Expenses	<u>348,789</u>
Operating (Loss)	(246,942)
Non-Operating Income:	
Local Sources:	
Interest Income	74
State Sources:	
State School Lunch Program	4,554
Federal Sources:	
National School Lunch Program	177,422
National School Breakfast Program	31,628
Food Distribution Program	<u>19,147</u>
Total Non-Operating Income	<u>232,825</u>
Change in Net Assets	(14,117)
Net Assets - Beginning of Year	<u>104,567</u>
Net Assets - End of Year	<u><u>\$ 90,450</u></u>

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

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

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 101,847
Payments to Employees	(104,841)
Payments to Food Service Vendor	(256,164)
Payments to Suppliers	(10,997)
Net Cash Used for Operating Activities	(270,155)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	74
Net Cash Provided by Investing Activities	74
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	4,201
Federal Sources:	
National School Lunch Program	170,818
National School Breakfast Program	28,558
Net Cash Provided by Noncapital Financing Activities	203,577
Net Decrease in Cash and Cash Equivalents	(66,504)
Cash and Cash Equivalents, July 1	122,712
Cash and Cash Equivalents, June 30	\$ 56,208
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (246,942)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,853
Food Distribution Program	19,147
Changes in Assets and Liabilities:	
(Increase) in Inventory	(559)
Increase in Deferred Revenue	1,249
(Decrease) in Accounts Payable	(45,903)
Net Cash Used for Operating Activities	\$ (270,155)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$20,395 for the fiscal year ended June 30, 2012 and utilized U.S.D.A Commodities valued at \$19,147

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

WHARTON BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Total</u>
	<u>Student Activities</u>	<u>Payroll</u>		
ASSETS:				
Cash and Cash Equivalents	\$ 15,108	\$ 45,170	\$ 86	\$ 60,364
Interfund Accounts Receivable	1,340			1,340
Total Assets	<u>16,448</u>	<u>45,170</u>	<u>86</u>	<u>61,704</u>
LIABILITIES:				
Net Payroll		159		159
Payroll Deductions and Withholdings Due to Student Groups	16,448	45,011		45,011
Total Liabilities	<u>16,448</u>	<u>45,170</u>		<u>61,618</u>
NET ASSETS:				
Held in Trust for Unemployment Claims			86	86
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 86</u>	<u>\$ 86</u>

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

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

	Unemployment Compensation Trust	Totals
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Employee	\$ 10,051	\$ 10,051
District	13,719	13,719
Total Contributions	<u>23,770</u>	<u>23,770</u>
Investment Earnings:		
Interest	<u>7</u>	<u>7</u>
Net Investment Earnings	<u>7</u>	<u>7</u>
Total Additions	<u>23,777</u>	<u>23,777</u>
DEDUCTIONS:		
Unemployment Compensation Claims	<u>37,415</u>	<u>37,415</u>
Total Deductions	<u>37,415</u>	<u>37,415</u>
Change in Net Assets	(13,638)	(13,638)
Net Assets - Beginning of the Year	<u>13,724</u>	<u>13,724</u>
Net Assets - End of the Year	<u>\$ 86</u>	<u>\$ 86</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last 2 state aid payments for the current year. Since the State is recording the 2 last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,368,605	\$ 1,403,359
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not.		8,746
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	286,913	44,251
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(329,852)</u>	<u>(54,870)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 12,325,666</u>	<u>\$ 1,401,486</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 11,170,088	\$ 1,403,359
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		8,746
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,170,088</u>	<u>\$ 1,412,105</u>

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

	Capital Projects Fund
Actual Amounts (Budgetary Basis) "Revenue"	
from the Budgetary Comparison Schedule - State Sources - SDA Grants	\$ 16,266
Grant Revenue not Recognized on GAAP Basis	(16,266)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ -0-
	Capital Projects Fund
Committed	\$ 83,620
Reconciliation to Governmental Funds Statements (GAAP):	
Grant Receivable not Recognized on GAAP Basis	(16,266)
Fund Balance per Governmental Funds (GAAP)	\$ 67,354

Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

(Continued)

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

E. Cash and Cash Equivalents and Investments (Cont'd)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

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

(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

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

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

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

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service.

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

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,498,904 General Fund balance at June 30, 2012, \$1,627,592 is restricted in the capital reserve account; \$149,536 is restricted in the maintenance reserve account; \$250,000 is restricted in the emergency reserve account; \$406,753 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73(S1701) and will be appropriated included as anticipated revenue for the fiscal year ending June 30, 2014; \$4,623 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2013; \$60,400 is assigned for encumbrances which is (\$74,757) less than on a budgetary basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2013; and \$0 are unassigned which is \$255,095 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2013 on a GAAP basis.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2012, of \$67,354 is committed.

Debt Service Fund: The Debt Service Fund has a \$1 fund balance at June 30, 2012.

Special Revenue Fund: There is a (\$54,870) deficit in unassigned Special Revenue fund balance at June 30, 2012. The deficit is due to the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2013.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

P. Fund Balance Appropriated (Cont'd):

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2012 as noted on the prior page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$329,852 as reported in the fund statements (modified accrual basis) and the Special Revenue Fund by \$54,870 as reported in the fund statements (grant accounting budgetary basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Assets:

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

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, a maintenance reserve, and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2012.

S. Deficit Fund Balances/Net Assets:

The \$372,771 deficit in the Unrestricted Net Assets of the District's Governmental Activities is primarily due to the accrual of \$375,371 of compensated absences, and \$57,800 of accrued interest payable. The \$54,870 deficit in Net Assets Restricted for Special Revenue is due the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2012. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital, Maintenance and Emergency Reserves	Total
Checking & Savings Accounts	\$ 623,622	\$ 2,027,128	\$ 2,650,750
	\$ 623,622	\$ 2,027,128	\$ 2,650,750

During the period ended June 30, 2012, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was \$2,650,750 and the bank balance was \$3,092,950.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance at June 30, 2011	\$ 800,000
Increased By Board Resolution June 30, 2012	750,000
Adjustment for Capital Projects	<u>77,592</u>
Balance at June 30, 2012	<u>\$ 1,627,592</u>

The balance in the capital reserve account at June 30, 2012 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP").

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Balance</u> <u>6/30/2011</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance</u> <u>6/30/2012</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 164,279			\$ 164,279
Construction in Progress	18,265			18,265
Total Capital Assets not Being Depreciated	<u>182,544</u>			<u>182,544</u>
Capital Assets Being Depreciated:				
Site Improvements	457,625			457,625
Buildings and Building Improvements	8,438,045	\$ 5,810		8,443,855
Machinery and Equipment	209,821	86,726		296,547
Total Capital Assets Being Depreciated	<u>9,105,491</u>	<u>92,536</u>		<u>9,198,027</u>
Governmental Activities Capital Assets	<u>9,288,035</u>	<u>92,536</u>		<u>9,380,571</u>
Less Accumulated Depreciation for:				
Site Improvements	(81,800)	(22,881)		(104,681)
Buildings and Building Improvements	(3,875,197)	(247,191)		(4,122,388)
Machinery and Equipment	(127,308)	(17,911)		(145,219)
Total Accumulated Depreciation	<u>(4,084,305)</u>	<u>(287,983)</u>		<u>(4,372,288)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,203,730</u>	<u>\$ (195,447)</u>	<u>\$ - 0 -</u>	<u>\$ 5,008,283</u>

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Balance 6/30/2011	Increases	Adjustments/ Decreases	Balance 6/30/2012
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 42,800			\$ 42,800
Less Accumulated Depreciation	(32,813)	(2,853)		(35,666)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 9,987	\$ (2,853)		\$ 7,134
GRAND TOTAL	\$ 5,213,717	\$ (198,300)	\$ - 0 -	\$ 5,015,417

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 285,610
Operations and Maintenance of Plant	2,240
Administrative	133
	<u>\$ 287,983</u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$97,542 to capital outlay for the acquisition of equipment which did not require the approval of the County Superintendent as per N.J.A.C. 6A:23A-13.3(h).

NOTE 7. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2011	Accrued	Retired	Balance 6/30/2012
Compensated Absences Payable	\$ 454,703	\$ 27,336	\$ 106,668	\$ 375,371
Obligations Under Capital Leases	24,817		15,862	8,955
Bonds Payable	3,270,000		380,000	2,890,000
	<u>\$ 3,749,520</u>	<u>\$ 27,336</u>	<u>\$ 502,530</u>	<u>\$ 3,274,326</u>

A. Bonds Payable:

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District has bonds outstanding as of June 30, 2012 as follows:

Maturity Date	Interest Rate	Amount
7/1/2023	3.75%-4.00%	\$ 2,890,000

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2013	\$ 245,000	\$ 110,700	\$ 355,700
2014	240,000	101,000	341,000
2015	240,000	91,400	331,400
2016	235,000	81,900	316,900
2017	250,000	72,200	322,200
2018-2022	1,215,000	214,000	1,429,000
2023-2024	465,000	18,500	483,500
	\$ 2,890,000	\$ 689,700	\$ 3,579,700

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District has one capital lease. The lease is a 4 year lease, for HVAC Equipment, with the final payment occurring in 2014.

Year Ending June 30,	Amount
2013	\$ 6,138
2014	3,070
	9,208
Less: Amount representing interest	(253)
Present Value of Minimum Lease Payments	\$ 8,955

The current portion of capital leases payable at June 30, 2013 is \$5,928 and the long-term portion is \$3,027. The General Fund will be used to liquidate capital leases payable.

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

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$375,371 represents the long-term liability balance of compensated absences.

There is no liability for compensated absences in the District's Enterprise Fund.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. Under the current statute, the District is a noncontributing member of the TPAF. The DCRP was established July 1, 2007 under provisions of Chapter 89, P.L. 2008 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP of 5.0% are matched by a 3.0% employer contribution.

District Contributions to PERS amounted to \$110,620, \$111,003 and \$84,962 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$176,068, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

The employee and employer contributions to DCRP for the fiscal years ended June 30, 2012, 2011, and 2010 were \$18,639, \$13,868, and \$-0-, respectively.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (TPAF) and Public Employees' Retirement Systems (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from 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 Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$353,943, \$354,081, and \$353,496 for 2012, 2011, and 2010, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through the NJ State Health Benefits Plan.

Property and Liability

The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of School Alliance Insurance Fund ("SAIF") and the Morris-Essex Insurance Group ("MEIG"). The SAIF provides the District with comprehensive general liability, automobile liability, property, and boiler and machinery insurance. The MEIG provides the District with workers' compensation insurance.

The SAIF and MEIG are risk-sharing public entity risk pools that are insured and self-administered groups of school districts established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the SAIF and MEIG are elected.

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The June 30, 2012 audit reports for SAIF and MEIG are not available as of the date of this report. Selected, summarized financial information for the SAIF and MEIG as of June 30, 2011 is as follows:

	<u>Morris-Essex Insurance Group</u>	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 7,361,713	\$ 36,448,099
Net Assets	\$ 3,049,206	\$ 12,502,179
Total Revenue	\$ 2,926,184	\$ 29,577,140
Total Expenses	\$ 1,765,941	\$ 28,589,235
Change in Net Assets	\$ 1,160,243	\$ 987,905
Net Assets Distribution to Participating Members	\$ 592,294	\$ 1,223,485

Financial statements for the SAIF and MEIG are available at their respective Executive Director's Office:

SAIF:
Risk and Loss Managers Inc.
51 Everett Drive Suite 40B
West Windsor, NJ 08550
(609) 275-1140

MEIG:
The Burton Agency
44 Bergen Street
PO Box 270
Westwood, New Jersey 07675
(201) 664-0310

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 13,726	\$ 10,051	\$ 37,415	\$ 86
2010-2011	126,036	10,323	128,783	13,724
2009-2010	24,747	13,436	43,249	6,148

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

Equitable	Lincoln National Insurance
Lincoln Financial Group	VALIC
Metropolitan Life Insurance	

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 69,617	\$ 97,215
Special Revenue Fund		59,379
Capital Projects Fund	77,592	10,238
Proprietary Fund	18,283	
Fiduciary Funds	1,340	
	\$ 166,832	\$ 166,832

The interfund between the General Fund and the Special Revenue and Capital Projects Funds represents cash advanced to the Special Revenue and Capital Projects Funds awaiting the receipt of federal and state grant awards. The interfund between the Capital Projects Fund and the General Fund also represents the transfer from the Capital Reserve to the Capital Projects Fund, which was not settled by year end. The interfund between the General Fund and Proprietary Fund is the result of Federal and State reimbursements received in the General Fund not yet turned over to the Proprietary Fund.

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Grant Programs

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

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$4,420,000 Refunding School Bonds dated January 26, 2006 as the District is considered a small issuer with debt under \$15,000,000.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Funds
Vendors	\$ 135,157	\$ 8,746	\$ 143,903
	\$ 135,157	\$ 8,746	\$ 143,903

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$68,154 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in deferred revenue.

On the District's Governmental Funds Balance Sheet as of June 30, 2012, 60,400 is assigned for year-end encumbrances in the General Fund, which is \$74,757 less than the actual year-end encumbrances on a budgetary basis. This is due to the fact that the final two state aid payments are not recognized until the fiscal year ended June 30, 2012.

NOTE 15. TAX CALENDAR

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$104,000 was established by inclusion of \$104,000 in the 2009-2010 budget. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget.

The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance at June 30,	\$	104,000
Budgeted Increase		35,262
Increased By Board Resolution June 30, 2012		114,274
Decreased by Budgeted Withdrawal		<u>(104,000)</u>
Balance at June 30,	\$	<u><u>149,536</u></u>

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution by inclusion of \$250,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. The balance as of June 30, 2012 is \$250,000.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2012:

	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Vendors	\$ 371,982	\$ 101,789	\$ 473,771

BUDGETARY COMPARISON SCHEDULES

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 7,474,224		\$ 7,474,224	\$ 7,474,224	
Tuition from Other LEA's	234,563		234,563	370,685	\$ 136,122
Investment Interest				83	83
Miscellaneous	3,620		3,620	25,421	21,801
Total - Local Sources	7,712,407		7,712,407	7,870,413	158,006
State Sources:					
Equalization Aid	2,607,335		2,607,335	2,717,040	109,705
Special Education Aid	435,087		435,087	435,087	
School Choice Aid		\$ 212,363	212,363	212,363	
Extraordinary Aid	31,876	31,709	63,585	68,680	5,095
On-Behalf TPAF Pension Contribution (Non-Budgeted)				176,068	176,068
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				353,943	353,943
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				394,314	394,314
Total State Sources	3,074,298	244,072	3,318,370	4,357,495	1,039,125
Federal Sources:					
Medicaid Reimbursement	15,489		15,489	21,553	6,064
Education Jobs Funds	115,530	3,614	119,144	119,144	
Total Federal Sources	131,019	3,614	134,633	140,697	6,064
TOTAL REVENUE	10,917,724	247,686	11,165,410	12,368,605	1,203,195
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	319,992	54,816	374,808	368,724	6,084
Grades 1-5 - Salaries of Teachers	1,790,277	6,091	1,796,368	1,781,425	14,943
Grades 6-8 - Salaries of Teachers	1,291,059	(13,237)	1,277,822	1,272,435	5,387
Regular Programs - Home Instruction:					
Salaries of Teachers	8,088		8,088	1,705	6,383

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction (Cont'd):					
Undistributed Instruction:					
Purchased Technical Services	\$ 30,676	\$ 7,669	\$ 38,345	\$ 38,345	
Purchased Professional - Educational Services	15,297	(15,297)			
Other Purchased Services (400-500 series)	104,183	13,436	117,619	84,085	\$ 33,534
General Supplies	191,519	(25,464)	166,055	139,239	26,816
Textbooks	36,631	5,707	42,338	40,602	1,736
Other Objects	1,000	(161)	839		839
Total Regular Programs - Instruction	3,788,722	33,560	3,822,282	3,726,560	95,722
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	193,170	10,438	203,608	201,608	2,000
Other Salaries for Instruction	18,471	(18,089)	382	382	
General Supplies	5,034	(472)	4,562	3,442	1,120
Textbooks	3,500	(163)	3,337	3,337	
Total Learning and/or Language Disabilities	220,175	(8,286)	211,889	208,769	3,120
Multiple Disabilities:					
Salaries of Teachers	34,374	17,981	52,355	52,039	316
Other Salaries for Instruction	10,021	15,700	25,721	23,975	1,746
Purchased Professional - Educational Services	500	(500)			
Purchased Technical Services	1,000	(1,000)			
General Supplies	2,000	3,244	5,244	5,144	100
Textbooks	1,500	(1,500)			
Total Resource Room/Resource Center	49,395	33,925	83,320	81,158	2,162
Resource Room/Resource Center:					
Salaries of Teachers	593,989	(15,736)	578,253	576,931	1,322
Other Salaries for Instruction	92,459	(358)	92,101	87,886	4,215
General Supplies	4,657	(3,231)	1,426	1,426	
Textbooks	2,000		2,000	1,207	793
Total Resource Room/Resource Center	693,105	(19,325)	673,780	667,450	6,330

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Autism:					
Salaries of Teachers	\$ 54,305	\$ 10,252	\$ 64,557	\$ 64,557	\$ 9
Other Salaries for Instruction	43,921	11,397	55,318	55,309	
Purchased Professional - Educational Services	2,296	(1,788)	508	508	
Other Purchased Services (400-500 series)	226	(76)	150	150	
General Supplies	5,598	(4,344)	1,254	912	342
Total Autism	106,346	15,441	121,787	121,436	351
Preschool Disabilities - Full-Time:					
Salaries of Teachers	119,865	13,164	133,029	133,029	
Other Salaries for Instruction	36,660	(15,600)	21,060	21,048	12
Purchased Technical Services	6,375	(6,375)			
Other Purchased Services (400-500 series)	33,281	(33,031)	250	250	
General Supplies	4,180	901	5,081	2,598	2,483
Total Preschool Disabilities - Full-Time	200,361	(40,941)	159,420	156,925	2,495
Total Special Education - Instruction	1,269,382	(19,186)	1,250,196	1,235,738	14,458
Bilingual Education - Instruction:					
Salaries of Teachers	55,388	89,953	145,341	124,837	20,504
General Supplies	1,546		1,546	758	788
Total Bilingual - Instruction	56,934	89,953	146,887	125,595	21,292
School-Sponsored Cocurricular/Extracurricular Activities - Instruction:					
Salaries	36,288	281	36,569	36,559	10
Other Objects	2,451	(26)	2,425	532	1,893
Total School-Sponsored Cocurricular/Extracurricular Activities - Instruction	38,739	255	38,994	37,091	1,903

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 31,881		\$ 31,881	\$ 30,254	\$ 1,627
Purchased Services (300-500 series)	4,975	\$ (3,000)	1,975	1,101	874
Supplies and Materials	3,052	3,000	6,052	6,035	17
Other Objects	1,055		1,055		1,055
Total School-Sponsored Cocurricular Athletics - Instruction	40,963		40,963	37,390	3,573
Other Instructional Programs - Instruction:					
Salaries	10,170		10,170		10,170
Purchased Services (300-500 series)	2,601		2,601	758	1,843
Supplies and Materials	204		204	39	165
Other Objects	1,224		1,224	1,047	177
Total School-Sponsored Cocurricular Athletics - Instruction	14,199		14,199	1,844	12,355
Before/After School Programs - Instruction:					
Salaries	9,325		9,325	8,464	861
Total Other Instructional Programs - Instruction	9,325		9,325	8,464	861
Total Instruction	5,218,264	104,582	5,322,846	5,172,682	150,164
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		3,000	3,000	1,194	1,806
Tuition to Other LEAs Within the State - Special		87,334	87,334	86,416	918
Tuition to Private Schools for the Handicapped - Within State	305,000	(72,443)	232,557	177,160	55,397
Total Undistributed Expenditures - Instruction	305,000	17,891	322,891	264,770	58,121
Attendance & Social Work:					
Salaries	14,663	3,876	18,539	18,539	
Supplies and Materials	1,020	(477)	543		543
Total Attendance & Social Work	15,683	3,399	19,082	18,539	543

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Health Services:					
Salaries	\$ 99,149	\$ 10,542	\$ 109,691	\$ 107,309	\$ 2,382
Purchased Professional and Technical Services	7,920	(635)	7,285	7,285	
Supplies and Materials	1,750	780	2,530	2,400	130
Total Health Services	108,819	10,687	119,506	116,994	2,512
Other Support Services - Students - Speech, OT, PT and Other Related Services:					
Salaries	167,060	3,023	170,083	170,083	
Purchased Professional - Educational Services	181,930	(25,089)	156,841	33,933	122,908
Supplies and Materials	2,588		2,588	1,077	1,511
Total Speech, OT, PT & Other Related Services	351,578	(22,066)	329,512	205,093	124,419
Other Support Services - Students - Extra Services:					
Salaries	50,824	60,963	111,787	52,745	59,042
Purchased Professional - Educational Services	31,500	(1,021)	30,479		30,479
Total Other Support Services - Students - Extra Services	82,324	59,942	142,266	52,745	89,521
Guidance:					
Salaries of Other Professional Staff	128,695	3,056	131,751	131,720	31
Other Salaries	22,231	(2,399)	19,832	18,960	872
Other Purchased Professional and Technical Services	3,425	(600)	2,825	1,733	1,092
Supplies and Materials	1,555		1,555	1,180	375
Total Guidance	155,906	57	155,963	153,593	2,370
Child Study Team:					
Salaries of Other Professional Staff		344	344	344	
Salaries of Secretarial and Clerical Assistants	36,350	5,543	41,893	32,715	9,178
Purchased Professional - Educational Services	264,825	(49,178)	215,647	153,124	62,523
Other Purchased Services	265,250	100	265,350	257,337	8,013
Miscellaneous Purchased Services (400-500 series)	500	400	900	850	50
Supplies and Materials	5,000	17,120	22,120	977	21,143
Other Objects	3,000	(18)	2,982	128	2,854
Total Child Study Team	574,925	(25,689)	549,236	445,475	103,761

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Purchased Professional - Educational Services	\$ 110,350	\$ 10,990	\$ 121,340	\$ 107,908	\$ 13,432
Supplies and Materials	23,868	2,010	25,878	25,334	544
Other Objects	367		367	367	
Total Improvement of Instructional Services	850		850	850	
Total Improvement of Instructional Services	135,435	13,000	148,435	133,242	15,193
Educational Media Services/School Library:					
Salaries	80,786		80,786	80,786	
Purchased Professional and Technical Services	1,900		1,900	179	1,721
Other Purchased Services (400-500 series)	8,796		8,796	3,938	4,858
Supplies and Materials	11,881		11,881	10,085	1,796
Total Educational Media Services/School Library	103,363		103,363	94,988	8,375
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	3,590		3,590		3,590
Supplies and Materials	1,071		1,071		1,071
Total Instructional Staff Training Services	4,661		4,661		4,661
Support Services - General Administration:					
Salaries	167,281	8,507	175,788	162,245	13,543
Legal Services	20,000	1,950	21,950	21,640	310
Audit Fees	19,000		19,000	19,000	
Architectural/Engineering Services	34,234	(6,320)	27,914	13,213	14,701
Other Purchased Professional Services	7,984		7,984	5,228	2,756
Communications/Telephone	27,400	12,870	40,270	29,006	11,264
BOE Other Purchased Services	2,500		2,500	1,412	1,088
Miscellaneous Purchased Services (400-500 series)	31,040	143	31,183	29,408	1,775
General Supplies	7,493	858	8,351	7,440	911
Miscellaneous Expenditures	1,420	220	1,640	1,624	16
BOE Membership Dues and Fees	7,500		7,500	6,614	886
Total Support Services - General Administration	325,852	18,228	344,080	296,830	47,250

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 161,324	\$ 28,402	\$ 189,726	\$ 189,726	
Salaries of Secretarial and Clerical Assistants	73,790	13,802	87,592	87,592	
Purchased Professional and Technical Services	9,000	(5,091)	3,909		\$ 3,909
Other Purchased Services (400-500 series)	4,000	5,559	9,559	5,073	4,486
Supplies and Materials	7,327		7,327	3,339	3,988
Other Objects	4,360		4,360	10	4,350
Total Support Services - School Administration	259,801	42,672	302,473	285,740	16,733
Central Services:					
Salaries	140,694	31,120	171,814	171,814	
Purchased Professional Services	38,725	3,872	42,597	27,820	14,777
Purchased Technical Services	765		765		765
Other Purchased Services (400-500 series)	6,480	648	7,128	6,535	593
Supplies and Materials	825	83	908	701	207
Miscellaneous Expenditures	2,137	214	2,351	2,060	291
Total Central Services	189,626	35,937	225,563	208,930	16,633
Administrative Information Technology:					
Purchased Professional Services	36,014		36,014	36,014	
Purchased Technical Services	1,375	(63)	1,312		1,312
Other Purchased Services (400-500 series)	7,985	14,888	22,873	5,063	17,810
Supplies and Materials	3,500		3,500	2,890	610
Total Administrative Information Technology	48,874	14,825	63,699	43,967	19,732
Required Maintenance of School Facilities:					
Salaries	30,381	(8,698)	21,683	247	21,436
Cleaning, Repair and Maintenance Services	112,702	42,948	155,650	151,289	4,361
General Supplies	4,306	2,025	6,331	6,168	163
Total Required Maintenance of School Facilities	147,389	36,275	183,664	157,704	25,960

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Purchased Professional and Technical Services	\$ 273,434	\$ 67,065	\$ 340,499	\$ 337,398	\$ 3,101
Cleaning, Repair and Maintenance Services	7,465	2,385	9,850	9,850	
Other Purchased Property Services	28,545	(6,139)	22,406	21,163	1,243
Insurance	30,954		30,954	21,376	9,578
Miscellaneous Purchased Services	6,323	(213)	6,110	5,890	220
General Supplies	13,945	(3,575)	10,370	8,657	1,713
Salaries of Non-Instructional Aides	10,021	(5,010)	5,011		5,011
Energy (Electricity)	201,003		201,003	166,802	34,201
Energy (Natural Gas)	110,954	(41,168)	69,786	56,140	13,646
Other Objects	500		500		500
Total Custodial Services	683,144	13,345	696,489	627,276	69,213
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	9,500	(1,382)	8,118	8,118	
General Supplies	4,000	(618)	3,382	2,239	1,143
Total Care and Upkeep of Grounds	13,500	(2,000)	11,500	10,357	1,143
Student Transportation Services:					
Salaries for Pupil Trans (Bet Home & School) - Special Education		13	13	13	
Cleaning, Repair and Maintenance Services	948	1,987	2,935	2,306	629
Lease Purchase Payments - School Buses	10,559		10,559	10,559	
Contracted Services: (Between Home and School) - Vendors	47,156	6,104	53,260	53,260	
Contracted Services - Aid In Lieu of Payment for Non-public School Students	17,680	(2,000)	15,680	13,702	1,978
Contracted Services: Other Between Home and School - Vendors	29,713	4,850	34,563	25,295	9,268
Contracted Services (Special Ed. Students) - Joint Agreements	21,695		21,695	21,695	
Contracted Services: (Spl. Education Students) ESC & CTSA	90,500	18,506	109,006	96,498	12,508
Miscellaneous Purchased Services - Transportation	50,215	(43,106)	7,109		7,109
Transportation Supplies	100	486	586	526	60
Total Student Transportation Services	268,566	(13,160)	255,406	223,854	31,552

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Unallocated Benefits:					
Social Security Contributions	\$ 95,684	\$ 18,510	\$ 114,194	\$ 114,194	
Other Retirement Contributions- PERS	116,380	(5,760)	110,620	110,620	
Other Retirement Contributions- Regular	20,613	(1,974)	18,639	18,639	
Unemployment Compensation	175,000	(113,854)	61,146	13,719	\$ 47,427
Workmen's Compensation	62,354	(8,044)	54,310	54,310	
Health Benefits	1,292,440	(51,097)	1,241,343	1,241,343	
Tuition Reimbursement	32,533	(12,331)	20,202	5,526	14,676
Other Employee Benefits	20,613	133,121	153,734	153,734	
Total Unallocated Benefits	1,815,617	(41,429)	1,774,188	1,712,085	62,103
On-Behalf TPAF Pension Contribution (Non-Budgeted)				176,068	(176,068)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				353,943	(353,943)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				394,314	(394,314)
Total TPAF Contributions				924,325	(924,325)
Total Undistributed Expenditures	5,590,063	161,914	5,751,977	5,976,507	(224,530)
TOTAL CURRENT EXPENSE	10,808,327	266,496	11,074,823	11,149,189	(74,366)
CAPITAL OUTLAY:					
Equipment:					
Operation and Maintenance of Plant Services		97,542	97,542	13,217	84,325
Total Equipment		97,542	97,542	13,217	84,325
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	64,801		64,801	5,810	58,991
Construction Services	191,737	(3,542)	188,195	188,195	
Other Objects	2,080		2,080	1,872	208
Total Facilities Acquisition and Construction Services	258,618	(3,542)	255,076	7,682	247,394
Total Capital Outlay	258,618	94,000	352,618	20,899	331,719

WHARTON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 8,810	\$ (8,810)			
TOTAL EXPENDITURES	11,075,755	351,686	\$ 11,427,441	\$ 11,170,088	\$ 257,353
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(158,031)	(104,000)	(262,031)	1,198,517	1,460,548
Fund Balance, July 1	1,630,239		1,630,239	1,630,239	
Fund Balance, June 30	<u>\$ 1,472,208</u>	<u>\$ (104,000)</u>	<u>\$ 1,368,208</u>	<u>\$ 2,828,756</u>	<u>\$ 1,460,548</u>

Recapitulation:

Assigned for Year-End Encumbrances	\$ 135,157
Excess Surplus - Designated for Subsequent Year's Expenditures	4,623
Excess Surplus	406,753
Maintenance Reserve	149,536
Emergency Reserve	250,000
Assigned for Capital Reserve	1,627,592
Unassigned Fund Balance	<u>255,095</u>
	<u>2,828,756</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

	(329,852)
	<u>\$ 2,498,904</u>

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
State Sources	\$ 548,700	\$ 48,170	\$ 596,870	\$ 536,057	\$ (60,813)
Federal Sources	432,432	641,884	1,074,316	867,302	(207,014)
Total Revenue	981,132	690,054	1,671,186	1,403,359	(267,827)
Expenditures:					
Instruction:					
Salaries of Teachers	191,109	37,632	228,741	210,518	18,223
Other Salaries for Instruction	27,784	14,412	42,196	33,889	8,307
Purchased Professional & Technical Services	38,236	31,035	69,271	53,134	16,137
Tuition	126,611	(13,248)	113,363	103,937	9,426
General Supplies	53,326	82,654	135,980	80,185	55,795
Textbooks		19,186	19,186	10,028	9,158
Total Instruction	437,066	171,671	608,737	491,691	117,046
Support Services:					
Salaries of Supervisors of Instruction	66,048	124,368	190,416	123,597	66,819
Salaries of Other Professional Staff	34,111	(28,387)	5,724	4,727	997
Salaries of Secretarial and Clerical Assistants	27,188	(6,417)	20,771	16,769	4,002
Personal Services - Employee Benefits	3,390	90,896	94,286	73,146	21,140
Purchased Professional - Educational Services	365,737	259,022	624,759	604,812	19,947
Other Purchased Professional Services	18,228	50,521	50,521	48,015	2,506
Other Purchased Services		(183)	18,045	14,947	3,098
Supplies and Materials	29,364	28,563	57,927	25,655	32,272
Total Support Services	544,066	518,383	1,062,449	911,668	150,781
Total Expenditures	\$ 981,132	\$ 690,054	\$ 1,671,186	\$ 1,403,359	\$ 267,827

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,368,605	\$ 1,403,359
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not		8,746
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	286,913	44,251
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(329,852)	(54,870)
	<u>\$ 12,325,666</u>	<u>\$ 1,401,486</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
	<u>\$ 12,325,666</u>	<u>\$ 1,401,486</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 11,170,088	\$ 1,403,359
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		8,746
	<u>\$ 11,170,088</u>	<u>\$ 1,412,105</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		
	<u>\$ 11,170,088</u>	<u>\$ 1,412,105</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

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

	Preschool Education Aid	Preschool Education Aid Carryover	INCLUDE	No Child Left Behind Title I	No Child Left Behind Title I Carryover
REVENUE:					
State Sources	\$ 487,887	\$ 48,170	\$ 207,808	\$ 297,691	\$ 39,217
Federal Sources					
Total Revenue	487,887	48,170	207,808	297,691	39,217
EXPENDITURES:					
Instruction:					
Salaries of Teachers		6,365	2,238	171,379	12,010
Other Salaries for Instruction		1,214			
Purchased Professional & Technical Services		515	4,239	48,223	
Tuition					
General Supplies	4,927	2,144	39,997	13,465	4,725
Textbooks					
Total Instruction	4,927	10,238	46,474	233,067	16,735
Support Services:					
Salaries of Supervisors of Instruction	25,165	2,084	90,306	310	2,000
Salaries of Other Professional Staff	3,640				
Salaries of Secretarial and Clerical Assistants				62,814	10,065
Personal Services - Employee Benefits			69,272	1,500	1,700
Purchased Professional - Educational Services	454,155	35,848	1,148		
Other Purchased Professional Services					1,000
Other Purchased Services			608		7,717
Supplies and Materials					
Total Support Services	482,960	37,932	161,334	64,624	22,482
Total Expenditures	\$ 487,887	\$ 48,170	\$ 207,808	\$ 297,691	\$ 39,217

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

	Title I - ARRA	No Child Left Behind				Title III Carryover
		Title II A	Title II A Carryover	Title II D Carryover	Title III	
REVENUE:						
State Sources						
Federal Sources	\$ 35,535	\$ 23,548	\$ 18,497	\$ 491	\$ 19,268	\$ 12,959
Total Revenue	35,535	23,548	18,497	491	19,268	12,959
EXPENDITURES:						
Instruction:						
Salaries of Teachers	2,030				2,850	4,776
Other Salaries for Instruction					829	
Purchased Professional & Technical Services						
Tuition						
General Supplies	1,634				12,314	979
Textbooks					634	6,394
Total Instruction	3,664				16,627	12,149
Support Services:						
Salaries of Supervisors of Instruction		2,370	818		544	
Salaries of Other Professional Staff		1,087				
Salaries of Secretarial and Clerical Assistants						
Personal Services - Employee Benefits			5,336			
Purchased Professional - Educational Services	17,391					
Other Purchased Professional Services		17,626			2,097	
Other Purchased Services	3,176	605	9,820			346
Supplies and Materials	11,304	1,860	2,523	491		464
Total Support Services	31,871	23,548	18,497	491	2,641	810
Total Expenditures	\$ 35,535	\$ 23,548	\$ 18,497	\$ 491	\$ 19,268	\$ 12,959

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

	IDEA Part B				Total
	Basic	Basic - ARRA	Basic - Carryover	Preschool	
REVENUE:					
State Sources	\$ 194,250	\$ 740	\$ 10,137	\$ 7,161	\$ 536,057
Federal Sources	194,250	740	10,137	7,161	867,302
Total Revenue					1,403,359
EXPENDITURES:					
Instruction:					
Salaries of Teachers			9,870		211,518
Other Salaries for Instruction	31,846				33,889
Purchased Professional & Technical Services		157			53,134
Tuition	102,937				102,937
General Supplies	3,000				80,185
Textbooks					10,028
Total Instruction	137,783	157	9,870		491,691
Support Services:					
Salaries of Supervisors of Instruction					123,597
Salaries of Other Professional Staff					4,727
Salaries of Secretarial and Clerical Assistants	16,769				16,769
Personal Services - Employee Benefits			267		73,146
Purchased Professional - Educational Services	19,610				604,812
Other Purchased Professional Services	19,983			7,161	48,015
Other Purchased Services					14,947
Supplies and Materials	105	583			25,655
Total Support Services	56,467	583	267	7,161	911,668
Total Expenditures	\$ 194,250	\$ 740	\$ 10,137	\$ 7,161	\$ 1,403,359

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

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 6,365	\$ 6,365	
Other Salaries for Instruction	1,214	1,214	
Purchased Professional & Technical Services	12,253	515	\$ 11,738
General Supplies	27,755	7,071	20,684
Total instruction	<u>47,587</u>	<u>15,165</u>	<u>32,422</u>
Support services:			
Salaries of Supervisors of Instruction	44,435	27,249	17,186
Salaries of Other Professional Staff	5,724	3,640	2,084
Purchased Professional - Educational Services	499,124	490,003	9,121
Total Support Services	<u>549,283</u>	<u>520,892</u>	<u>28,391</u>
Total Expenditures	<u>\$ 596,870</u>	<u>\$ 536,057</u>	<u>\$ 60,813</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2011-12 Preschool Education Allocation	\$ 548,700
Actual Preschool Education Aid Carryover (June 30, 2011)	48,170
Total Preschool Aid Funds Available for 2011-12 Budget	<u>596,870</u>
Less: 2011-12 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(596,870)</u>
Available & Unbudgeted Preschool Aid Funds as of June 30, 2012	-0-
 Add: 2011-12 Unexpended Preschool Education Aid	 60,813
2011-12 Actual Carryover - Preschool Education Aid	<u>\$ 60,813</u>
 2011-12 Preschool Education Aid Carryover Budgeted in 2012-13	 <u>-0-</u>

CAPITAL PROJECTS FUND

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

Fund Balance - Beginning Balance	<u>\$ 83,620</u>
Fund Balance - Ending Balance	<u><u>\$ 83,620</u></u>
<u>Recapitulation:</u>	
Committed Fund Balance	\$ 83,620
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(16,266)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 67,354</u></u>

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DUFFY ELEMENTARY SCHOOL - VARIOUS UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant				\$ 270,336
Transfer from Capital Outlay	\$ 24,136		\$ 24,136	288,821
Total Revenues and Other Financing Sources	24,136		24,136	559,157
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				328,800
Construction Services				20,000
Equipment Purchases				210,357
Total Expenditures				559,157
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 24,136	\$ -0-	\$ 24,136	\$ -0-

Additional Project Information:

Project Numbers	SP#5770-040-09-1001
Authorization Date	5/11/2009
State Share	\$ 270,336
Local Share	288,821
Original Authorized Cost	559,157
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 559,157
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0.00%
Original Target Completion Date	6/30/2013

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DUFFY ELEMENTARY SCHOOL - CORRIDOR CERAMIC TILE REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 16,266		\$ 16,266	\$ 16,266
Capital Outlay	18,447		18,447	18,447
Transfer from Capital Reserve	77,592		77,592	77,592
Total Revenues and Other Financing Sources	112,305		112,305	112,305
Expenditures :				
Purchased Professional and Technical Services	21,986		21,986	27,713
Construction Services	30,835		30,835	84,592
Total Expenditures	52,821		52,821	112,305
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 59,484	\$ -0-	\$ 59,484	\$ -0-

Additional Project Information:

Project Numbers	SP#5770-040-09-1002
Authorization Date	5/11/2009
State Share	\$ 16,266
Local Share	18,447
Original Authorized Cost	34,713
Additional Authorized Cost- Capital Reserve	77,592
Revised Authorized Cost	<u>\$ 112,305</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	53%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2012

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MACKINNON MIDDLE SCHOOL - VARIOUS UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 461,170		\$ 461,170	\$ 461,170
Total Revenues	461,170		461,170	461,170
Expenditures:				
Purchased Professional and Technical Services	115,305		115,305	115,305
Construction Services	345,865		345,865	345,865
Total Expenditures	461,170		461,170	461,170
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	SP#5770-040-09-1003
Authorization Date	5/11/2009
Local Share	\$ 461,170
Original Authorized Cost	461,170
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 461,170

Percentage Increase over Original
 Authorized Cost
 Percentage Completion
 Original Target Completion Date

0%
 100.00%
 6/30/2013

PROPRIETARY FUNDS

WHARTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 56,208
Intergovernmental Accounts Receivable:	
Federal	7,632
State	158
Interfund Receivable	18,283
Inventories	4,344

Total Current Assets	<u>86,625</u>
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Non-Current Assets:

Capital Assets	42,800
Less: Accumulated Depreciation	<u>(35,666)</u>

Total Non-Current Assets	<u>7,134</u>
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Total Assets	<u>93,759</u>
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LIABILITIES:

Current Liabilities:

Deferred Revenue	<u>3,309</u>
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Total Liabilities	<u>3,309</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	7,134
Unrestricted	<u>83,316</u>

Total Net Assets	<u>\$ 90,450</u>
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WHARTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 76,699
Daily Sales - Non-Reimbursable Programs	25,148
	<hr/>
Total Operating Revenue	101,847
	<hr/>
Operating Expenses:	
Cost of Sales	141,479
Salaries, Benefits & Payroll Taxes	104,841
Supplies, Insurance & Other Costs	10,997
Management Fee	8,058
Miscellaneous	80,561
Depreciation Expense	2,853
	<hr/>
Total Operating Expenses	348,789
	<hr/>
Operating Loss	(246,942)
Non-Operating Income:	
Local Sources:	
Interest Income	74
State Sources:	
State School Lunch Program	4,554
Federal Sources:	
National School Lunch Program	177,422
National School Breakfast Program	31,628
Food Distribution Program	19,147
	<hr/>
Total Non-Operating Income	232,825
	<hr/>
Change in Net Assets	(14,117)
Net Assets - Beginning of Year	104,567
	<hr/>
Net Assets - End of Year	\$ 90,450
	<hr/> <hr/>

WHARTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 101,847
Payments to Employees	(104,841)
Payments to Food Service Vendor	(256,164)
Payments to Suppliers	(10,997)
	<hr/>
Net Cash Used for Operating Activities	(270,155)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	74
	<hr/>
Net Cash Provided by Investing Activities	74
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	4,201
Federal Sources:	
National School Lunch Program	170,818
National School Breakfast Program	28,558
	<hr/>
Net Cash Provided by Noncapital Financing Activities	203,577
Net Decrease in Cash and Cash Equivalents	(66,504)
Cash and Cash Equivalents, July 1	122,712
	<hr/>
Cash and Cash Equivalents, June 30	\$ 56,208
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (246,942)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,853
Food Distribution Program	19,147
Changes in Assets and Liabilities:	
(Increase) in Inventory	(559)
Increase in Deferred Revenue	1,249
(Decrease) in Accounts Payable	(45,903)
	<hr/>
Net Cash Used for Operating Activities	\$ (270,155)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$20,395 and utilized U.S.D.A Commodities valued at \$19,147, for the fiscal year ended June 30, 2012

FIDUCIARY FUNDS

WHARTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Total</u>
	<u>Student Activities</u>	<u>Payroll</u>		
ASSETS:				
Cash and Cash Equivalents	\$ 15,108	\$ 45,170	\$ 86	\$ 60,364
Interfund Accounts Receivable	1,340			1,340
Total Assets	<u>16,448</u>	<u>45,170</u>	<u>86</u>	<u>61,704</u>
LIABILITIES:				
Net Payroll		159		159
Payroll Deductions and Withholdings		45,011		45,011
Due to Student Groups	16,448			16,448
Total Liabilities	<u>16,448</u>	<u>45,170</u>		<u>61,618</u>
NET ASSETS:				
Held in Trust for Unemployment Claims			86	
TOTAL NET ASSETS	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 86</u>	<u>\$ 86</u>

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

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee and Employer State Unemployment Insurance Contributions	\$ 23,770	\$ 23,770
Total Contributions	<u>23,770</u>	<u>23,770</u>
Investment earnings:		
Interest	<u>7</u>	<u>7</u>
Net investment earnings	<u>7</u>	<u>7</u>
Total additions	<u>23,777</u>	<u>23,777</u>
Deductions:		
State of New Jersey Unemployment Agency Payments	<u>37,415</u>	<u>37,415</u>
Total deductions	<u>37,415</u>	<u>37,415</u>
Change in net assets	(13,638)	(13,638)
Net assets—beginning of the year	<u>13,724</u>	<u>13,724</u>
Net assets—end of the year	<u>\$ 86</u>	<u>\$ 86</u>

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 13,843	\$ 52,864	\$ 51,599	\$ 15,108
Interfund Receivable	1,339	1		1,340
Total Assets	<u>\$ 15,182</u>	<u>\$ 52,865</u>	<u>\$ 51,599</u>	<u>\$ 16,448</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 15,182	\$ 52,865	\$ 51,599	\$ 16,448
Total Liabilities	<u>\$ 15,182</u>	<u>\$ 52,865</u>	<u>\$ 51,599</u>	<u>\$ 16,448</u>

WHARTON BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Wharton District Schools:				
Duffy Elementary School	\$ 7,935	\$ 12,738	\$ 12,010	\$ 8,663
MacKinnon Middle School	7,247	40,127	39,589	7,785
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 15,182</u>	<u>\$ 52,865</u>	<u>\$ 51,599</u>	<u>\$ 16,448</u>

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,259	\$ 7,276,630	\$ 7,233,719	\$ 45,170
Total Assets	<u>\$ 2,259</u>	<u>\$ 7,276,630</u>	<u>\$ 7,233,719</u>	<u>\$ 45,170</u>
 <u>LIABILITIES:</u>				
Net Payroll	\$ 116	\$ 4,454,720	\$ 4,454,677	\$ 159
Payroll Deductions and Withholdings	<u>2,143</u>	<u>2,821,910</u>	<u>2,779,042</u>	<u>45,011</u>
Total Liabilities	<u>\$ 2,259</u>	<u>\$ 7,276,630</u>	<u>\$ 7,233,719</u>	<u>\$ 45,170</u>

LONG-TERM DEBT

WHARTON BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2011	Retired or Matured	Balance June 30, 2012
			Date	Amount				
Refunding School Bonds Series 2006	1/26/2006	\$ 4,420,000	7/1/2012	245,000	3.75-4.00%	\$ 3,270,000	\$ 380,000	\$ 2,890,000
	7/1/2013	240,000						
	7/1/2014	240,000						
	7/1/2015	235,000						
	7/1/2016	250,000						
	7/1/2017	250,000						
	7/1/2018	245,000						
	7/1/2019	245,000						
	7/1/2020	240,000						
	7/1/2021	235,000						
	7/1/2022	235,000						
7/1/2023	230,000							
						\$ 3,270,000	\$ 380,000	\$ 2,890,000
						\$ 3,270,000	\$ 380,000	\$ 2,890,000

WHARTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2011</u>	<u>Matured</u>	<u>Balance June 30, 2012</u>
16 Passenger School Bus	6.40%	\$ 48,369	\$ 10,097	\$ 10,097	
HVAC Improvements	5.44%	28,449	<u>14,720</u>	<u>5,765</u>	<u>\$ 8,955</u>
			<u>\$ 24,817</u>	<u>\$ 15,862</u>	<u>\$ 8,955</u>

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 369,635		\$ 369,635	\$ 369,635	
State Sources:					
Debt Service Aid Type II	133,090		133,090	133,090	
Total Revenues	502,725		502,725	502,725	
EXPENDITURES:					
Regular Debt Service:					
Interest	122,725		122,725	122,725	
Redemption of Principal	380,000		380,000	380,000	
Total Regular Debt Service	502,725		502,725	502,725	
Total Expenditures	502,725		502,725	502,725	
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	1	\$ -0-	1	1	\$ -0-
<u>Recapitulation of Fund Balance at June 30, 2012</u>					
Restricted Fund Balance				\$ 1	

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2004.

WHARTON BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (105,299)	\$ 312,170	\$ 651,683	\$ 777,249	\$ 1,069,133	\$ 1,624,462	\$ 2,248,788	\$ 1,908,913	\$ 2,109,338	\$
Restricted	549,681	294,973	251,400	202,331	156,987	338,773	572,202	1,339,398	2,450,988	
Unrestricted/(Deficit)	(59,852)	(171,534)	(219,633)	(391,288)	(299,723)	(455,156)	(474,027)	(492,597)	(372,771)	
Total Governmental Activities Net Assets	\$ 384,530	\$ 435,609	\$ 683,450	\$ 588,292	\$ 926,397	\$ 1,508,079	\$ 2,346,963	\$ 2,755,714	\$ 4,187,545	
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 33,839	\$ 28,370	\$ 23,012	\$ 17,654	\$ 12,297	\$ 6,939	\$ 1,581	\$ 9,987	\$ 7,134	\$
Unrestricted/(Deficit)	(728)	4,750	11,868	13,823	23,442	34,124	69,187	94,580	83,316	
Total Business-Type Activities Net Assets	\$ 33,111	\$ 33,120	\$ 34,880	\$ 31,477	\$ 35,739	\$ 41,063	\$ 70,768	\$ 104,567	\$ 90,450	
District-Wide:										
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (71,460)	\$ 340,540	\$ 674,695	\$ 794,903	\$ 1,081,430	\$ 1,631,401	\$ 2,250,369	\$ 1,918,900	\$ 2,116,462	\$
Restricted	549,681	294,973	251,400	202,331	156,987	338,773	572,202	1,339,398	2,450,988	
Unrestricted/(Deficit)	(60,580)	(166,784)	(207,765)	(377,465)	(276,281)	(421,032)	(404,840)	(398,017)	(289,455)	
Total District-Wide Net Assets	\$ 417,641	\$ 468,729	\$ 718,330	\$ 619,769	\$ 962,136	\$ 1,549,142	\$ 2,417,731	\$ 2,860,281	\$ 4,277,995	

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,125,073	\$ 4,142,304	\$ 3,942,907	\$ 4,157,307	\$ 4,424,062	\$ 4,599,856	\$ 5,627,961	\$ 5,596,895	\$ 5,652,459	
Special Education	695,052	788,524	1,154,932	1,305,797	1,296,817	1,504,761	1,993,869	2,201,619	2,563,983	
Other Special Instruction	234,962	247,544	241,003	255,885	281,324	281,113				
Other Instruction	103,279	110,827	109,171	107,423	92,576	109,387	394,511	231,803	336,361	
Support Services:										
Tuition	468,957	456,614	433,870	438,090	312,627	298,579	336,734	282,171	264,770	
Student & Instruction Related Services	1,279,601	1,328,988	1,460,313	1,620,811	1,964,668	1,869,032	1,431,083	1,454,222	1,407,543	
General Administration Services	424,513	397,263	408,710	398,051	358,158	334,236	337,303	291,454	378,817	
School Administration Services	476,421	413,264	402,092	334,224	355,722	333,792	393,079	415,762	448,316	
Central Services		272,328	293,896	313,076	268,412	322,153	186,004	186,105	281,356	
Plant Operations and Maintenance	692,554	786,556	839,666	877,460	1,033,210	959,383	909,927	850,071	795,406	
Pupil Transportation	208,284	239,056	234,422	312,484	207,407	222,810	216,742	80,522	223,858	
Administrative Information Technology							131,950	251,957	43,967	
Business and Other Support Services	192,022									
Unallocated Benefits	572,566	674,280	746,973	1,234,764	1,079,697	794,753				
Special Schools		1,876								
Interest On Long-Term Debt	347,224	276,906	210,823	196,247	181,143	165,538	142,580	129,850	115,600	
Capital Outlay										
Unallocated Depreciation		290,899	228,796	243,390	219,835	233,065	233,065	285,610	285,610	
Total Governmental Activities Expenses	9,820,508	10,427,229	10,707,574	11,795,009	12,075,658	12,028,458	12,334,808	12,772,205	12,798,046	

WHARTON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Business-Type Activities:									
Food Service	\$ 261,587	\$ 243,550	\$ 252,641	\$ 240,991	\$ 255,420	\$ 274,640	\$ 275,048	\$ 285,688	\$ 348,789
Total Business-Type Activities Expenses	261,587	243,550	252,641	240,991	255,420	274,640	275,048	285,688	348,789
Total District-Wide Expenses	\$ 1,082,095	\$ 1,070,779	\$ 1,096,215	\$ 1,203,600	\$ 1,233,107	\$ 1,230,098	\$ 1,269,856	\$ 1,307,893	\$ 1,346,835
Program Revenues:									
Governmental Activities:									
Charges for Services	\$ 1,004,081	\$ 1,075,907	\$ 1,087,853	\$ 1,203,244	\$ 2,605,097	\$ 20,646	\$ 322,105	\$ 319,321	\$ 370,685
Operating Grants and Contributions	1,004,081	1,075,907	1,087,853	1,203,244	2,605,097	1,622,005	2,361,617	2,234,640	2,760,807
Total Governmental Activities Program Revenues						1,642,651	2,683,722	2,553,961	3,131,492
Business-Type Activities:									
Charges for Services:									
Food Service	125,277	133,026	128,223	118,488	116,353	117,807	107,340	102,126	101,847
Operating Grants and Contributions	94,532	110,397	125,900	118,412	142,579	162,093	197,413	206,050	232,751
Total Business Type Activities Program Revenues	219,809	243,423	254,123	236,900	258,932	279,900	304,753	308,176	334,598
Total District-Wide Program Revenues	\$ 1,223,890	\$ 1,319,330	\$ 1,341,976	\$ 1,440,144	\$ 2,864,029	\$ 1,922,551	\$ 2,988,475	\$ 2,862,137	\$ 3,466,090
Net Expenses/(Revenue):									
Governmental Activities	\$ 8,816,427	\$ 9,351,322	\$ 9,619,721	\$ 10,591,765	\$ 9,470,561	\$ 10,385,807	\$ 9,651,086	\$ 10,218,244	\$ 9,666,554
Business-Type Activities	41,778	127	(1,482)	4,091	(3,512)	(5,260)	(29,705)	(22,488)	14,191
Total District-Wide Net (Expenses)/Revenue	\$ 8,858,205	\$ 9,351,449	\$ 9,618,239	\$ 10,595,856	\$ 9,467,049	\$ 10,380,547	\$ 9,621,381	\$ 10,195,756	\$ 9,680,745

WHARTON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,293,558	\$ 5,793,574	\$ 6,347,582	\$ 6,703,455	\$ 6,936,302	\$ 7,085,534	\$ 7,057,979	\$ 7,400,221	\$ 7,474,224	
Taxes Levied for Debt Service	404,349	400,668	396,626	313,014	377,785	368,316	364,883	379,620	369,635	
State Facilities Grant	2,713,659	153,876	176,096	3,278,285	2,303,057	3,105,851	3,038,370	2,747,655	3,229,022	
Unrestricted Grants and Contributions		2,825,391	2,943,058							
Federal and State Aid Not Restricted										
State Aid for Debt Service	182,036	180,485	178,777	176,910	134,187	166,295				
Loss on Refunding of Long Term Debt			(228,000)							
Tuition					39,781	213,981				
Investment Earnings	3,053	9,555	20,311	23,459	13,863	2,218	43	2,059	83	
Miscellaneous Income	61,611	38,852	33,113	11,067	13,197	26,627	28,694	97,440	25,421	
Cancellation of Accounts Receivable/Payable				(9,584)	(9,507)	(1,332)				
Total Governmental Activities General Revenues & Other Changes in Net Assets	8,658,266	9,402,401	9,867,563	10,496,606	9,808,665	10,967,490	10,489,969	10,626,995	11,098,385	
Business-Type Activities:										
Investment Earnings	21	136	278	688	749	65		52	74	
Reappraisal of Capital Assets								11,259		
Total Business-Type Activities General Revenues & Other Changes in Net Assets	21	136	278	688	749	65	- 0 -	11,311	74	
Total District-Wide General Revenues & Other Changes in Net Assets	\$ 8,658,287	\$ 9,402,537	\$ 9,867,841	\$ 10,497,294	\$ 9,809,414	\$ 10,967,555	\$ 10,489,969	\$ 10,638,306	\$ 11,098,459	
Change in Net Assets:										
Governmental Activities	\$ (158,161)	\$ 51,079	\$ 247,842	\$ (95,159)	\$ 338,104	\$ 581,683	\$ 838,883	\$ 408,751	\$ 1,431,831	
Business-Type Activities	(41,757)	9	1,760	(3,403)	4,261	5,325	29,705	33,799	(14,117)	
Total District-Wide Change in Net Assets	\$ (199,918)	\$ 51,088	\$ 249,602	\$ (98,562)	\$ 342,365	\$ 587,008	\$ 868,588	\$ 442,550	\$ 1,417,714	

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 UNAUDITED
 (Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:									
Reserved/Restricted	\$ 544,165	\$ 294,972	\$ 157,339	\$ 172,057	\$ 156,986	\$ 255,980	\$ 545,614	\$ 1,198,216	\$ 2,438,504
Unreserved/(Deficit)	125,054	57,003	52,578	35,196	85,177	(68,956)	(76,076)	118,078	60,400
Assigned								27,032	
Unassigned									
Total General Fund	\$ 669,219	\$ 351,975	\$ 209,917	\$ 207,253	\$ 242,163	\$ 187,024	\$ 469,538	\$ 1,343,326	\$ 2,498,904
All Other Governmental Funds:									
Unreserved/(Deficit), Reported In:									
Special Revenue Fund	(22,706)	(23,908)	(23,908)	(23,908)	(30,182)	(14,503)	(18,484)		
Capital Projects Fund	5,515	5,515	5,859	2,071		82,793	35,152		
Debt Service Fund		1	88,202	28,203	1				
Restricted									
Committed									
Unassigned/(Deficit)									
Total All Other Governmental Funds	\$ (17,191)	\$ (18,392)	\$ 70,153	\$ 6,366	\$ (30,181)	\$ 68,291	\$ 16,669	\$ 23,104	\$ 12,485
Total Governmental Funds:									
Reserved/Restricted	\$ 544,165	\$ 294,972	\$ 157,339	\$ 172,057	\$ 156,986	\$ 255,980	\$ 545,614	\$ 1,198,216	\$ 2,438,504
Unreserved/(Deficit), Reported In:									
General Fund	125,054	57,003	52,578	35,196	85,177	(68,956)	(76,076)		
Special Revenue Fund	(22,706)	(23,908)	(23,908)	(23,908)	(30,182)	(18,484)	(18,484)		
Capital Projects Fund	5,515	5,515	5,859	2,071		(38,935)	35,152		
Debt Service Fund		1	88,202	28,203	1	8,812			
Committed									
Assigned									
Unassigned/(Deficit)									
Total All Governmental Funds	\$ 652,028	\$ 333,583	\$ 280,070	\$ 213,619	\$ 211,982	\$ 255,315	\$ 486,207	\$ 1,366,430	\$ 2,511,389

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Tax Levy	\$ 5,324,912	\$ 5,697,907	\$ 6,194,242	\$ 6,744,208	\$ 7,016,469	\$ 7,314,087	\$ 7,453,850	\$ 7,422,862	\$ 7,779,841	\$ 7,843,859
Tuition Charges						39,781	213,981	313,720	319,321	370,685
Transportation Fees							20,646	8,385		
Interest on Capital Reserve	12,958	3,053	9,555	20,311	23,459	13,863	2,218	43	2,059	83
Miscellaneous	26,999	19,848	38,852	33,113	15,768	13,197	31,414	29,907	98,140	25,421
State Sources	3,237,397	3,496,803	3,760,131	3,859,099	4,056,656	4,535,808	4,273,670	3,970,285	4,293,745	4,988,422
Federal Sources	381,096	402,973	475,528	526,684	597,083	506,533	615,693	1,428,489	687,850	1,001,407
Total Revenue	8,983,362	9,620,584	10,478,308	11,183,415	11,709,435	12,423,269	12,611,472	13,173,691	13,180,956	14,229,877
Expenditures:										
Instruction:										
Regular Instruction	3,518,808	3,496,344	3,577,617	3,376,057	3,533,608	3,780,506	3,867,253	4,170,853	4,002,964	4,370,439
Special Education Instruction	578,720	552,225	648,211	955,058	1,071,499	1,068,552	1,271,741	1,608,454	1,772,389	2,003,964
Other Special Instruction	187,358	193,505	203,132	196,373	206,620	228,663	229,714			
School-Sponsored Instruction	64,275	87,139	93,838	90,665	88,112	76,095	90,229			
Other Instruction								278,878	162,876	210,384
Support Services:										
Tuition	422,908	468,957	456,614	433,870	438,090	312,627	298,579	336,734	282,171	264,770
Student & Instruction Related Services	940,291	1,086,374	1,165,961	1,290,100	1,423,203	1,752,575	1,649,468	1,141,857	1,255,648	1,220,669
General Administrative Services	295,066	350,399	358,318	367,212	358,658	340,518	317,866	294,779	249,345	296,830
School Administrative Services	327,475	384,903	341,417	330,137	272,042	290,855	274,656	278,908	278,937	285,740
Central Services and Admin Information Technology			227,488	246,280	260,649	226,713	281,823			
Central Services								168,860	167,004	208,930
Administrative Information Technology								114,146	80,353	43,967
Plant Operations And Maintenance	672,895	691,678	738,588	790,865	823,824	944,444	871,454	828,328	836,816	795,337
Pupil Transportation	167,331	201,084	239,056	234,422	312,484	211,920	225,591	206,610	230,410	223,854
Business and Other Support Services	158,189	157,204								
Unallocated Benefits	1,425,225	1,641,792	1,755,394	1,954,811	2,421,753	2,484,031	2,230,237	2,489,236	2,398,594	2,636,410

WHARTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures: (Cont'd)										
Support Services: (Cont'd)										
Special Schools			\$ 1,876							
Capital Outlay		\$ 159,409	\$ 408,091	\$ 483,878	\$ 5,838	\$ 206,096	\$ 452,034	\$ 495,451	\$ 67,011	\$ 20,899
Debt Service:										
Principal	260,000	290,000	300,000	310,000	360,000	355,000	365,000	380,000	380,000	380,000
Interest And Other Charges	310,580	296,403	281,153	177,201	189,923	185,174	169,611	149,705	136,215	122,725
Total Expenditures	9,461,553	10,057,416	10,796,754	11,236,929	11,766,303	12,463,769	12,595,256	12,942,799	12,300,733	13,084,918
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (478,191)	\$ (436,832)	\$ (318,446)	\$ (53,514)	\$ (56,868)	\$ (40,500)	\$ 16,216	\$ 230,892	\$ 880,223	\$ 1,144,959
Debt Service as a Percentage of Noncapital Expenditures	6.12%	5.92%	5.59%	4.53%	4.68%	4.41%	4.40%	4.26%	4.22%	3.85%

Note: Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transportation	Refunds	Other Misc.	Total
2003	\$ 7,367			\$ 32,017	\$ 343	\$ 5,292
2004	3,053				19,848	15,339
2005	9,555	\$ 6,525		24,759	7,568	8,463
2006	20,311			23,888	1,100	11,454
2007	23,459			9,996	1,071	34,526
2008	13,863	39,781		11,760	1,437	66,841
2009	2,218	213,981	\$ 20,646	12,188	14,439	263,472
2010	43	313,720	8,385	3,024	25,670	350,842
2011	2,059	319,321		46,197	51,243	418,820
2012	83	370,685			25,421	396,189

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2002	\$ 5,032,700	\$ 228,172,900	\$ 149,400	\$ 57,780,000	\$ 30,456,700	\$ 18,934,200	\$ 340,525,900	\$ 735,955	\$ 341,261,855	\$ 24,248,300	\$ 1.54	\$ 431,893,534
2003	4,929,400	229,727,600	149,400	57,765,200	30,456,700	21,322,300	344,350,600	685,052	345,035,652	23,962,500	1.60	476,370,282
2004	2,842,800	231,320,000	149,400	57,718,300	32,289,400	21,322,300	345,642,200	581,706	346,223,906	25,968,900	1.72	547,694,688
2005	3,882,000	235,364,400	149,400	57,911,700	28,603,100	21,322,300	347,232,900	497,862	347,730,762	25,906,500	1.86	616,147,598
2006	3,949,500	235,960,300	149,400	57,911,700	28,603,100	20,922,300	347,496,300	425,268	347,921,568	25,906,500	1.98	700,086,600
2007	5,165,300	233,507,500	149,400	38,138,900	53,739,800	20,922,300	351,623,200	389,636	352,012,836	24,823,900	2.04	810,504,523
2008*	17,248,900	567,671,400	707,100	102,222,100	126,740,600	28,526,200	843,116,300	1,164,475	844,280,775	68,002,200	0.88	875,685,946
2009	16,610,600	568,140,100	707,100	103,002,400	126,740,600	28,526,200	843,727,000		843,727,000	67,736,000	0.88	863,774,131
2010	12,431,400	489,700,200	625,200	102,374,200	113,236,100	24,354,300	742,721,400		742,721,400	66,238,700	0.88	841,091,053
2011	12,263,900	489,528,100	625,200	101,874,000	105,180,200	24,354,300	733,825,700		733,825,700	66,891,500	1.02	786,503,886

*Revaluation of property was effective

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

^b Tax rates are per \$100 of assessed value.

WHARTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Wharton Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Borough			
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Regional School	of Wharton	Morris County	
2002	1.42	0.12	1.54	0.66	0.64	0.37	3.21
2003	1.48	0.12	1.60	0.71	0.70	0.40	3.41
2004	1.60	0.12	1.72	0.84	0.73	0.45	3.74
2005	1.75	0.11	1.86	0.96	0.81	0.48	4.10
2006	1.88	0.10	1.98	1.00	0.85	0.50	4.33
2007	1.94	0.10	2.04	1.13	0.92	0.55	4.64
2008	[^] 0.83 [^]	0.04 [^]	0.88 [^]	0.52 [^]	0.34 [^]	0.24 [^]	1.98
2009	0.79	0.09	0.88	0.54	0.44	0.23	2.09
2010	0.97	0.05	1.02	0.61	0.58	0.26	2.46
2011	1.02	0.05	1.07	0.61	0.61	0.25	2.54

[^] - Revaluation of property was effective.

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

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

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

Source: Borough of Wharton Tax Collector and School Business Administrator.

WHARTON BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2011			2002		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
TA Wharton LLC		\$ 55,711,800	6.60%			
The Realty Associates Fund VIII LP		32,223,900	3.82%			
Glass Paramus		19,433,900	2.30%			
Costco Wholesale Corp		17,842,300	2.11%			
CCKK, LLC		12,115,400	1.44%			
Bayview Gardens		8,700,000	1.03%			
Wharton Mall		8,273,700	0.98%			
Brentwood Associates		6,528,500	0.77%			
Wharton Apartments		4,000,000	0.47%			
Waltann Greenbrook, LLC		3,863,700	0.46%			
Total		\$ 168,693,200	19.99%			
						Not Available

Source: Borough of Wharton Tax Assessor.

WHARTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2003	\$ 5,324,912	\$ 5,324,912	100.00%	-0-
2004	5,697,907	5,697,907	100.00%	-0-
2005	6,194,242	6,194,242	100.00%	-0-
2006	6,744,208	6,744,208	100.00%	-0-
2007	7,016,469	7,016,469	100.00%	-0-
2008	7,314,087	7,314,087	100.00%	-0-
2009	7,453,850	7,453,850	100.00%	-0-
2010	7,422,862	7,422,862	100.00%	-0-
2011	7,779,841	7,779,841	100.00%	-0-
2012	7,843,859	7,843,859	100.00%	-0-

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

Source: Wharton Borough School District's records including the Certificate and Report of School Taxes (Form A4F).

WHARTON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases			
2003	\$ 5,782,000	\$ - 0 -	\$ 105,056	\$ 5,887,056	1.68%	\$ 947.23
2004	5,492,000	-0-	128,153	5,620,153	1.59%	908.67
2005	5,192,000	-0-	101,177	5,293,177	1.41%	858.72
2006	5,110,000	-0-	72,048	5,182,048	1.34%	845.08
2007	4,750,000	-0-	42,232	4,792,232	1.15%	788.20
2008	4,395,000	-0-	58,866	4,453,866	1.03%	734.23
2009	4,030,000	-0-	54,762	4,084,762	0.94%	674.50
2010	3,650,000	-0-	40,078	3,690,078	0.89%	608.52
2011	3,270,000	-0-	24,817	3,294,817	0.80%	543.34
2012	2,890,000	-0-	8,955	2,898,955	0.70%	478.06

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

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

WHARTON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 5,782,000	\$ - 0 -	\$ 5,782,000	1.69%	928.69
2004	5,492,000	- 0 -	5,492,000	1.59%	883.67
2005	5,192,000	- 0 -	5,192,000	1.50%	839.45
2006	5,110,000	- 0 -	5,110,000	1.47%	829.01
2007	4,750,000	- 0 -	4,750,000	1.37%	774.62
2008	4,395,000	- 0 -	4,395,000	1.25%	722.86
2009	4,030,000	- 0 -	4,030,000	0.48%	664.36
2010	3,650,000	- 0 -	3,650,000	0.43%	602.71
2011	3,270,000	- 0 -	3,270,000	0.44%	539.25
2012	2,890,000	- 0 -	2,890,000	0.39%	476.58

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Wharton	\$ 1,750,792	100.00%	\$ 1,750,792
Other Debt			
Morris County General Obligation Debt	269,247,125	0.970%	2,611,590
Morris Hills Regional District Debt	34,747,000	11.074%	<u>3,847,883</u>
Subtotal, Overlapping Debt			8,210,265
Borough of Wharton School District Direct Debt			<u>2,890,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 11,100,265</u></u>

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

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

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

WHARTON BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012	
Equalized Valuation Basis	Wharton Borough
2011	\$ 746,212,833
2010	590,549,654
2009	834,959,921
	<u>\$2,171,722,408</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 723,907,469</u>
Debt Limit (3% of Average Equalization Value) ^a	
Net Bonded School Debt as of June 30, 2012	
	\$ 21,717,224
	2,890,000
	<u>\$ 18,827,224</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$12,690,240	\$14,218,241	\$16,154,139	\$18,422,596	\$20,971,183	\$23,574,408	\$25,206,526	\$25,936,720	\$ 24,827,707	\$ 21,717,224
Total Net Debt Applicable to Limit	5,782,000	5,492,000	5,192,000	5,110,000	4,750,000	4,395,000	4,030,000	3,650,000	3,270,000	2,890,000
Legal Debt Margin	\$ 6,908,240	\$ 8,726,241	\$10,962,139	\$13,312,596	\$ 1,189,195	\$19,179,408	\$21,176,526	\$22,286,720	\$ 21,557,707	\$ 18,827,224
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	45.56%	38.63%	32.14%	27.74%	22.65%	18.64%	15.99%	14.07%	13.17%	13.31%

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

WHARTON BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population ^a</u>	<u>Per Capita</u> <u>Personal</u> <u>Income ^b</u>	<u>Borough</u> <u>Personal</u> <u>Income ^c</u>	<u>Borough</u> <u>Unemployment</u> <u>Rate ^d</u>
2002	6,215	\$ 56,535	\$ 351,365,025	2.70%
2003	6,185	57,018	352,656,330	2.70%
2004	6,164	61,101	376,626,564	2.20%
2005	6,132	63,297	388,137,204	7.20%
2006	6,080	68,364	415,653,120	7.50%
2007	6,066	71,300	432,505,800	6.80%
2008	6,056	71,527	433,167,512	8.90%
2009	6,064	68,251	413,874,064	14.80%
2010	6,064 **	68,251 *	413,874,064 ***	14.90%
2011	6,064 **	68,251 *	413,874,064 ***	14.90%

* - Latest Morris County per capita personal income available (2009) was used for calculation purposes.

** - Latest Borough population data available (2009) was used for calculation purposes.

*** - Latest Borough Personal Income available (2009) was used for calculation purposes.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

WHARTON BOARD OF EDUCATION
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2012		2003		Percentage of Total Employment
	Employer	Employees	Percentage of Total Employment	Employer	
Novartis Corporation		6,200	2.29%		
Picatinny Arsenal		5,274	1.95%		
Altantic Health System		5,013			
United Parcel Service		2,332	0.86%		
County of Morris		1,928	0.71%		
ADP		1,924	0.71%		
Saint Claire's		1,841	0.68%		
AT&T		1,550	0.57%		
Chilton Memorial		1,440	0.53%		
BASF Corporation		1,400	0.52%		
		<u>28,902</u>	<u>10.68%</u>		
Total Employment *		<u>270,282</u>			

Information is Not Available

* - Employment data provided by the NJ Department of Labor and Workforce Development.

Source: Morris County Treasurer's Office.

WHARTON BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:										
Regular	58.1	60.0	58.5	56.0	54.5	53.5	49.8	43.6	48.0	39.5
Special Education	12.0	11.0	12.5	15.0	14.3	15.6	14.7	18.5	18.7	9.3
Other Special Education	5.2	5.1	9.6	10.3	12.4	17.1	21.9	11.8	4.2	4.2
Other Instruction	3.8	4.5	3.1	3.0	3.0	3.0	4.2	2.4	1.0	
Support Services:										
Student & Instruction Related Services	10.0	10.0	12.0	12.0	11.5	11.5	10.9	9.8	21.8	9.0
General Administration	4.7	4.7	4.7	4.7	2.4	2.4	2.2	2.1	5.3	5.1
School Administrative Services	5.0	4.6	4.0	4.0	4.0	4.0	4.2	4.5	6.7	6.6
Other Administrative Services	1.5	1.5	1.7	1.7	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	2.9	2.6	2.1	2.1	2.0	2.0	1.5	1.7	1.5	5.6
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.3
Plant Operations and Maintenance	4.0	4.0	4.7	4.7	4.7	5.4	5.1	4.8		0.2
Pupil Transportation							1.0	1.0		1.0
Other Support Services	3.0	2.9	3.0	3.0	5.9	5.8	5.6	3.4		1.0
Food Service	1.7	1.7	1.7	1.7	1.7	1.0	1.0	1.0	1.2	
Total	112.9	113.6	118.6	119.2	118.4	123.3	124.1	106.6	109.9	81.8

Source: Borough of Wharton District Personnel Records.

WHARTON BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2003	792	8,758,541	\$ 11,059	16.46%	74	13.3	7.8	847	814	-0.34%	96.10%
2004	745	9,311,604	12,499	13.02%	80	10.4	7.8	793	756	-6.42%	95.43%
2005	742	9,807,510	13,218	5.75%	76	10.8	7.9	796	754	0.37%	94.82%
2006	729	10,265,850	14,082	6.54%	80	10.0	7.8	773	737	-2.83%	95.30%
2007	702	11,210,542	15,969	13.40%	78	10.6	8.4	751	715	-2.88%	95.24%
2008	723	11,717,499	16,207	1.49%	79	10.9	8.6	788	755	5.00%	95.74%
2009	723	11,608,611	16,056	-0.93%	77	10.4	8.3	785	747	-0.43%	95.13%
2010	803	11,917,643	14,841	-7.57%	78	12.0	7.9	804	750	2.45%	93.28%
2011	772	11,717,507	15,178	2.27%	78	11.8	9.9	786	740	-2.24%	94.15%
2012	791	12,561,294	15,880	4.63%	59	11.8	9.9	772	738	-1.74%	95.51%

Note: Enrollment based on annual October District count.

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

^b Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Wharton School District records.

WHARTON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Buildings	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary										
Marie V. Duffy Elementary (1962)	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173
Square Feet										
MacKinnon North Wing (1974)										
Square Feet	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291
Combined Capacity (Students)	617	617	617	617	617	617	617	617	617	617
Combined Enrollment	525	495	500	478	478	478	478	478	478	478
Middle										
MacKinnon Middle School (2000)										
Square Feet	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654
Capacity (Students)	259	259	259	259	259	259	259	259	259	259
Enrollment	267	250	242	251	251	251	213	213	213	213
Other										
Child Study Team Addition (1994)	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469
Maint. Garage/Recreation Annex(1982)	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561

Number of Schools at June 30, 2012:

Elementary = 1

Middle = 1

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October District count.

Source: Wharton Board of Education Facilities Office.

WHARTON BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities*
 11-000-261-XXX

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
School Facilities	\$ 145,171	\$ 111,232	\$ 123,917	\$ 134,386	\$ 139,398	\$ 163,074	\$ 154,356	\$ 137,736	\$ 168,141	\$ 157,704

* School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Borough of Wharton School District Reports.

WHARTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
School Package Policy:	\$ 250,000,000	
Building & Personal Property		\$ 500
Inland Marine - Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits	5,000,000	
General Aggregate	50,000,000	Fund Agg.
Fire Damage	2,500,000	
Medical Expenses(excluding students taking part in athletics)	10,000	
Environmental Impairment Liability	1,000,000	10,000
	25,000,000 Fund Agg.	
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	1,000
Excess Liability (AL/GL)	5,000,000	
School Board Legal Liability	5,000,000/5,000,000	5,000
Excess SLPL	5,000,000/5,000,000	
Morris-Essex Insurance Group		
Workers Compensation - Employer's Liability	5,000,000	
Selective Insurance		
Surety Bonds:		
Treasurer	190,000	
Board Secretary/Business Administrator	190,000	
Bollinger Insurance		
Student Accident	Voluntary Coverage Only	

SINGLE AUDIT SECTION

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

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Wharton Board of Education in the County of Morris (the "Board") as of, and for the fiscal year ended, June 30, 2012, which collectively comprise the school district's basic financial statements, and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Wharton Board of Education
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated September 27, 2012.

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

September 27, 2012
Mount Arlington, New Jersey

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

Compliance

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

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

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

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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 members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

September 27, 2012
Mount Arlington, New Jersey

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or Project Number	Grant Period	Award Amount	Balance June 30, 2011:		Cash Received	Budgetary Expenditures	Balance June 30, 2012	
					Deferred Revenue/ (Accounts Receivable)	Due to Grantor			Accounts Receivable	Deferred Revenue
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.549	N/A	7/1/11-6/30/12	\$ 20,395			\$ 20,395	\$ (17,086)		\$ 3,309
Federal Food Distribution Program	10.550	N/A	7/1/10-6/30/11	15,465	\$ 2,060			(2,060)		
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	31,628			30,133	(31,628)	\$ (1,495)	
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	26,546	(2,532)		2,532			
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	177,422			171,285	(177,422)	(6,137)	
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	153,137	(13,151)		13,151			
Total U.S. Department of Agriculture							237,496	(228,196)	(7,632)	3,309
U.S. Department of Education - Passed-through										
State Department of Education:										
General Fund:										
Education Jobs Grant	84.410A	N/A	8/1/10-9/30/12	119,144				(119,144)	(119,144)	
Special Revenue Fund:										
No Child Left Behind Consolidated Grant:										
Title I	84.010A	NCLB-5770-11	9/1/10-8/31/11	246,530	(70,574)		89,328	(33,242)	(14,488)	
Title I	84.010A	NCLB-5770-10	9/1/09-8/31/10	201,965	(13,268)		19,243	(5,975)		
Title II A	84.278A	NCLB-5770-11	9/1/10-8/31/11	28,551	(975)		9,699	(11,607)	(2,883)	
Title II A	84.278A	NCLB-5770-10	9/1/09-8/31/10	28,171	(7,094)		13,984	(6,890)		
Title II A	84.278A	NCLB-5770-09	9/1/08-8/31/09	27,667	(20,930)		20,930			
Title IID	84.318X	NCLB-5770-11	9/1/10-8/31/11	491			491	(491)		
Title IID	84.318X	NCLB-5770-09	9/1/08-8/31/09	1,212	(1,053)		1,053			
Title III	84.365A	NCLB-5770-11	9/1/10-8/31/11	33,227	(14,761)		18,663	(11,668)	(7,766)	
Title III	84.365A	NCLB-5770-10	9/1/09-8/31/10	27,466	(7,245)		3,504	(1,290)	(5,031)	
Title IV	84.186A	NCLB-5770-09	9/1/08-8/31/09	3,244	(414)		414			
Title I - ARRA							48,451	(35,535)		
Title I							199,437	(297,691)	(98,254)	
Title II A							20,598	(23,548)	(2,950)	
Title III							12,360	(19,268)	(6,908)	

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

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011		Balance June 30, 2012		
					Deferred Revenue/(Accounts Receivable)	Due to Grantor	Accounts Receivable	Deferred Revenue	
U.S. Department of Education - Passed-through									
State Department of Education:									
Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA-5770-12	9/1/11-8/31/12	\$ 194,360	\$	\$ 170,639	\$ (194,250)	\$ (23,611)	
I.D.E.A. Part B, Basic	84.027	IDEA-5770-11	9/1/10-8/31/11	194,444	\$ (37,674)	44,363	(7,689)	(1,000)	
I.D.E.A. Part B, Basic	84.027	IDEA-5770-10	9/1/09-8/31/10	186,808	(10,229)	12,677	(2,448)		
I.D.E.A. Part B, Preschool	84.173	IDEA-5770-11	9/1/11-8/31/12	7,161		7,161	(7,161)		
I.D.E.A. Part B, Preschool	84.173	IDEA-5770-11	9/1/10-8/31/11	8,435	(1,165)	1,165			
I.D.E.A. Part B, Basic - ARRA	84.027	IDEA-5770-10	7/1/09-8/31/11	185,587	(14,774)	15,514	(740)		
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA-5770-10	7/1/09-8/31/11	6,683	(475)	475			
Subtotal Special Education Cluster					(64,317)	251,994	(212,288)	(24,611)	
INCLUDE:									
Implementing New Curricular Learning w/Universally Designed Education	84.318X	N/A	9/1/10-8/31/12	435,000	(32,272)	167,609	(207,809)	(72,472)	
Total Special Revenue Fund					(245,819)	877,758	(867,302)	(235,363)	
Total U.S. Department of Education					(245,819)	877,758	(986,446)	(354,507)	
U.S. Department of Health and Human Services:									
Medicaid Assistance Program	93.778	N/A	7/1/09-6/30/10	21,553		12,762	(21,553)	(8,791)	
Medicaid Assistance Program	93.778	N/A	7/1/10-6/30/11	8,714	(6,381)	6,381			
Total U.S. Department of Health and Human Services					(6,381)	19,143	(21,553)	(8,791)	
Total Federal Financial Awards					\$ (265,823)	\$ 1,134,397	\$ (1,236,195)	\$ (370,930)	\$ 3,309
N/A - Not Available/Applicable									\$ -0-

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**WHARTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance June 30, 2011			Balance June 30, 2012			MEMO		
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Refunded to Grantor	GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Due to Grantor	Budgetary Receivable
NJ Department of Education:												
General Fund:												
Equalization Aid	12-495-034-5120-078	7/1/11 - 6/30/12	\$ 2,717,040			\$ 2,450,663	\$ (2,717,040)				\$ (266,377)	\$ 2,717,040
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	2,497,630	\$ (244,348)		244,348						2,497,630
Special Education Aid	12-495-034-5120-011	7/1/11 - 6/30/12	435,087			392,431	(435,087)				(42,656)	435,087
Special Education Aid	11-495-034-5120-011	7/1/10 - 6/30/11	435,087	(42,565)		42,565						435,087
School Choice Aid	12-495-034-5120-068	7/1/11 - 6/30/12	212,363			191,543	(212,363)				(20,820)	212,363
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	68,680				(68,680)		\$ (68,680)			68,680
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	63,585	(63,585)		63,585						63,585
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11 - 6/30/11	394,314			374,980	(394,314)		(19,334)		(19,334)	394,314
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	381,054	(18,481)		18,481						381,054
Total General Fund State Aid				(368,979)		3,778,596	(3,827,484)		(88,014)		(349,187)	7,204,840
Special Revenue Fund:												
Preschool Education Aid	12-495-034-5120-086	7/1/11 - 6/30/12	548,700			493,830	(487,887)			\$ 60,813	(54,870)	548,700
Preschool Education Aid	11-495-034-5120-086	7/1/10 - 6/30/11	442,506	3,919		44,251	(48,170)					442,506
Total Special Revenue Fund				3,919		538,081	(536,057)			60,813	(54,870)	991,206
Total NJ Department of Education				(365,060)		4,316,677	(4,363,541)		(88,014)	60,813	(404,057)	8,196,046
Enterprise Fund:												
State School Lunch Program	12-100-010-3350-023	7/1/11 - 6/30/12	4,554			4,396	(4,554)		(158)			4,554
State School Lunch Program	11-100-010-3350-023	7/1/10 - 6/30/11	3,937	(363)		363						3,937
Total Enterprise Fund				(363)		4,759	(4,554)		(158)			8,491
Capital Projects Fund												
School Development Authority	5770-040-09-1002	7/1/10-6/30/12	16,266	(16,266)							(16,266)	16,266
Corridor Ceramic Tile Replacement Project												
Debt Service Fund:												
Debt Service Aid Type II	12-100-034-5120-124	7/1/10 - 6/30/11	133,090			133,090	(133,090)					133,090
Total State Awards				(381,689)	\$ -0-	\$ 4,454,526	\$ (4,501,185)		\$ (88,172)	\$ 60,813	\$ -0-	\$ 8,353,893

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Wharton School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and 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*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund 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 and the special revenue fund are presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payments for the prior year are recognized in the current year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition. For GAAP purposes, that revenue is not recognized until the project is completed and the reimbursement request is submitted to the School Development Authority for reimbursement. The special revenue fund also recognizes the last 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 (\$42,939) for the general fund, (\$16,266) for the capital projects fund and (\$1,873) for the special revenue fund. See Exhibit C-3 and F-1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, capital projects, and special revenue funds. The schedule of expenditures of state awards does not include the TPAF Pension Contribution and Post Retirement Medical contributions paid by the State on behalf of the District of \$176,068 and \$353,943, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

WHARTON BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 140,697	\$ 4,314,556	\$ 4,455,253
Special Revenue Fund	860,710	540,776	1,401,486
Debt Service Fund		133,090	133,090
Food Service Fund	228,197	4,554	232,751
	<u>\$ 1,229,604</u>	<u>\$ 4,992,976</u>	<u>\$ 6,222,580</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Wharton Borough School District had no loan balances outstanding at June 30, 2012.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2012. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has an active grant in the amount of \$16,266 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2012, \$16,266 of the grant funds have been expended and drawn down on a GAAP basis on this grant. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and is realizing the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

WHARTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

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

	<u>CFDA Number or State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Title I	84.010A	9/1/11-8/31/12	\$ 297,691	\$ 297,691
Title I Carryover	84.010A	9/1/10-8/31/12	246,530	33,242
Title I Carryover	84.010A	9/1/09-8/31/12	201,965	5,975
Title I - ARRA	84.389	9/1/09-8/31/11	82,725	35,535
<u>State:</u>				
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	2,717,040	2,717,040
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	435,087	435,087
School Choice Aid	12-495-034-5120-068	7/1/11-6/30/12	212,363	212,363
Preschool Education Aid	12-495-034-5120-083	7/1/11-6/30/12	548,700	487,887

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

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

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

Findings and Questioned Costs for Federal Awards:

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

WHARTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

There were no prior year audit findings.

WHARTON BOARD OF EDUCATION
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2012

WHARTON BOARD OF EDUCATION
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
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September 27, 2012

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Wharton Board of Education in the County of Morris for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated September 27, 2012, on the financial statements of the Board.

We will review the status of the comments, if any, during our next audit engagement. We have already discussed any comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Wharton Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, the Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Susan Megletti	Treasurer	\$ 190,000
Pamela Hinman	Business Administrator/Board Secretary	190,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)(3).

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicated no discrepancies with respect to signatures, certification or supporting documentation, except as noted below.

Finding:

Our review of expenditures revealed that all required signatures were not always obtained prior to the release of funds. Expenditures are currently receiving the proper approval, however a receipt of goods signature is not always obtained.

Recommendation:

It is recommended that all payments include all required certifications prior to their release.

Management's Response:

The Business Administrator will ensure that all required signatures are obtained prior to the release of payment.

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and certified by the President of the Board, the School Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholding due to the General Fund.

The required certification (ECERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrators) to the NJ Department of Treasury was filed by the March 15 due date.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative Classifications

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A-23A-8.3. As a result of the procedures performed, we found no errors and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the No Child Left Behind Act.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18 A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,500.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications, were reviewed on a test basis. Food Service accounting records maintained by the District's central administration office were reconciled with the records maintained by the food service contractor.

The number of meals claimed for reimbursement was verified against sales. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

School Food Service (Cont'd)

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, multiplied by the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. Net cash resources did not exceed three months average expenditures.

The District contracts with a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1, through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

Time sheets and payroll records provided to the District from the Food Service contractor were reviewed

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund.

Cash receipts and bank records were reviewed for timely deposit.

Food Distribution Program Commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions noted.

The District has a Type 2 SOC1 report (Service Organization Controls Report) of the food service management company on file as required by state requirements.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Enterprise Funds", Section G, of the CAFR.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2011 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual and low income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The results of our procedures are presented in the Schedule of Audited Enrollments. The information that was included on the workpapers was verified on test basis without exception.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2011-2012 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA Grant agreement for consistency with recording SDA revenue, transfers of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

Finding:

During our review it was noted that certain capital asset additions and deletions were not included in the capital assets records.

Recommendation:

It is recommended that the capital asset records be updated to reflect all additions and disposals.

Management's Response:

Every effort will be made to ensure that capital asset additions and disposals are properly recorded and accounted for on the capital assets report.

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

Finding:

During our review it was noted that brief reports were not submitted to management.

Recommendation:

It is recommended that all brief reports be properly filled out and filed with management in a timely fashion.

Management's Response:

The Business Administrator will ensure that brief reports are submitted and filed.

WHARTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2012
(Continued)

Status of Prior Year's Findings/Recommendations

The prior year finding regarding the Student Activities Fund has been resolved.

WHARTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2011

	2012-2013 Application for State School Aid						Sample for Verification								
	Reported on			Reported on			Sample			Verified per			Errors per		
	A.S.S.A.		Workpapers	On Roll		Errors	Selected from		Workpapers		Registers		Registers		On Roll
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Kindergarten	68		68				68			68				68	
Grade One	77		77				77			77				77	
Grade Two	64		64				64			64				64	
Grade Three	89		89				89			89				89	
Grade Four	74		74				74			74				74	
Grade Five	62		62				62			62				62	
Grade Six	65		65				65			65				65	
Grade Seven	82		82				82			82				82	
Grade Eight	77		77				77			77				77	
Subtotal	658		658				658			658				658	
Special Ed - Elementary	72		72				72			72				72	
Special Ed - Middle School	42		42				42			42				42	
Subtotal	114		114				114			114				114	
Totals	772	-0-	772	-0-	-0-	-0-	772	-0-	-0-	772	-0-	-0-	-0-	772	-0-
Percentage Error					0.00%	0.00%								0.00%	0.00%

WHARTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2011

	Private Schools for Disabled				Resident Low Income			Sample Errors
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	
Full Day Kindergarten					43	43	43	43
Grade One					40	40	40	40
Grade Two					45	45	45	45
Grade Three					54	54	54	54
Grade Four					40	40	40	40
Grade Five					26	26	26	26
Grade Six					30	30	30	30
Grade Seven					40	40	40	40
Grade Eight					35	35	35	35
Subtotal					353	353	353	353
Special Ed - Elementary	2	2	2		44	44	44	44
Special Ed - Middle School	2	2	2		31	31	31	31
Subtotal	4	4	4		75	75	75	75
Totals	4	4	4	-0-	428	428	428	428
Percentage Error				0.00%				0.00%

WHARTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2011

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	7	7		7	7	
Grade One	7	7		7	7	
Grade Two	4	4		4	4	
Grade Three	4	4		4	4	
Grade Four	1	1		1	1	
Grade Five	1	1		1	1	
Grade Six	1	1		1	1	
Grade Seven						
Grade Eight	1	1		1	1	
Subtotal	26	26		26	26	
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle School						
Subtotal	1	1		1	1	
Totals	27	27	-0-	27	27	-0-
Percentage Error			0.00%			0.00%

WHARTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2011

	Resident LEP Not Low Income				
	Reported on A.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten					
Grade One					
Grade Two					
Grade Three					
Grade Four					
Grade Five					
Grade Six	1	1	1	1	
Grade Seven	2	2	2	2	
Grade Eight					
Subtotal	3	3	3	3	
Special Ed - Elementary	1	1	1	1	
Special Ed - Middle School					
Subtotal	1	1	1	1	
Totals	4	4	4	4	-0-
Percentage Error					0.00%

WHARTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2011

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	16	16		14	14	
Courtesy Students	2	2		2	2	
Special Needs - Public	16	16		14	14	
Special Needs - Private	4	4		3	3	
Totals	38	38	-0-	33	33	-0-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>
				<u>Reported</u>	<u>Recalculated</u>	
Average Mileage - Regular Including Grade PK Students				2.9	2.9	
Average Mileage - Regular Excluding Grade PK Students				2.9	2.9	
Average Mileage - Special Education with Special Needs				5.5	5.5	

WHARTON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2012

EXCESS SURPLUS CALCULATION

Section 1 - REGULAR DISTRICT

2011-2012 Total General Fund Expenditures per the CAFR	<u>\$ 11,170,088</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1c)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 924,325</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 2011-2012 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 10,245,763</u> (B3)	
2% of Adjusted 2011-2012 General Fund Expenditures [(B5) times .02]	<u>\$ 204,915</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 250,000</u> (B5)	
Increased by: Allowable Adjustments	<u>\$ 5,095</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 255,095</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2012 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 2,828,756</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 135,157</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 4,623</u> (C3)	
Other Restricted Fund Balances	<u>\$ 2,027,128</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u> </u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 661,848</u> (U1)

WHARTON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2012

Section 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 406,753 (E)

Recapitulation of Excess Surplus as of June 30,

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 4,623 (C3)

Restricted Excess Surplus [(E)] \$ 406,753 (E)

Total [(C3)+(E)+(F)] \$ 411,376 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 5,095 (J1)

Additional Nonpublic School Transportation Aid \$ -0- (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 5,095 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions \$ -0-

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-Back Reserve \$ -0-

Capital Reserve \$ 1,627,592

Maintenance Reserve \$ 149,536

Waiver Reserve \$ -0-

Emergency Reserve \$ 250,000

Tuition Reserve \$ -0-

Other State/Governmental Mandated Reserve \$ -0-

Other Restricted Fund Balance not noted Above \$ -0-

Total Other Restricted Fund Balances \$ 2,027,128

WHARTON BOARD OF EDUCATION
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2012

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
All payments include all required certifications prior to their release.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
The capital asset records be updated to reflect all additions and disposals.
9. Travel Expense and Reimbursement Policy
All brief reports be properly filled out and filed with management in a timely fashion.
10. Status of Prior Year's Findings/Recommendations
There prior year finding regarding Student Activities has been resolved.