

WINFIELD TOWNSHIP SCHOOL DISTRICT

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2012

WINFIELD TOWNSHIP SCHOOL DISTRICT

***Winfield Township School District
Winfield, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Prepared by
Winfield Township School District
Finance Department**

**And
Barre & Company, CPAs**

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**Christopher D. Cerf, Acting Commissioner of Education
Secretary, State Board of Education**

**WINFIELD TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

***WINFIELD TOWNSHIP SCHOOL DISTRICT
7 1/2 GULFSTREAM AVENUE
WINFIELD, NEW JERSEY 07036
(908) 486-7412***

October 19, 2012

Honorable President and
Members of the Board of Education
Winfield Township School District
County of Union, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Winfield Township School District (District) for the fiscal year ended June 30, 2012. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The District has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. 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 (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 financial position and results of operations of the District. This report will provide the taxpayers of the Winfield Township School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;

- The Single Audit Section — The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditor’s report 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.

School District Organization

An elected nine-member Board of Education (the “Board”) serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

1) REPORTING ENTITY AND ITS SERVICES: Winfield Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Winfield Board of Education and all its school constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education programs for handicapped youngsters. The current enrollment in the school is 150.

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

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	150	6.40%
2010-2011	140	0.85%
2009-2010	139	11.78%
2008-2009	123	3.42%
2007-2008	119	-2.87%

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Winfield has not shown any major changes in the growth of the community. No new homes have been built, with resident mobility being a result of resident unit turnover. The commercial operations remain very small; all located near the Mutual Housing Corporation headquarters. The corporation continues their campaign to upgrade the residential units with appropriate renovations.

New funding formulas at the State and Federal levels have produced an uncertain fiscal support environment. Given this fact, the district remains conservative in its fiscal management. The district is committed to operating as efficiently as possible while continuing to offer a comprehensive quality education for every student.

3) MAJOR INITIATIVES: The district is committed to curriculum enhancement and instructional program development. Implementation of and adherence to state developed Core Curriculum standards continue to be a major initiative. Curriculum and text materials continue to be evaluated on a regular basis, with scheduled reviews and modifications acted upon as needed. Technological initiatives remain a district priority. Modern technologies continue to be introduced to students in the Media Center and classroom setting for enhanced learning capabilities. The district commitment to student development consists of classroom learning via quality instruction, while offering an educational environment that will aid in the physical and social development of our students, while maintaining safety as a major priority in this endeavor.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) the cost of control should not exceed the benefits likely to be derived
- (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) CASH MANAGEMENT: The investment policy of the District is guided by state statute as detailed in “Notes to Basic Financial Statements”, Note 2. 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.

7) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in J-20.

8) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “*Audits of State, Local Governments and Non-Profit Organization*” and State Treasury Circular Letter 04-04 OMB, “*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 supplemental information is included in the financial section of this report. The auditor’s reports, related specifically to the single audit, are included in the single audit section of this report.

9) ACKNOWLEDGMENTS:

We would like to express our appreciation and thanks to the members of the Winfield Township School District's Board of Education for their determined effort to provide 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.

Respectfully submitted,

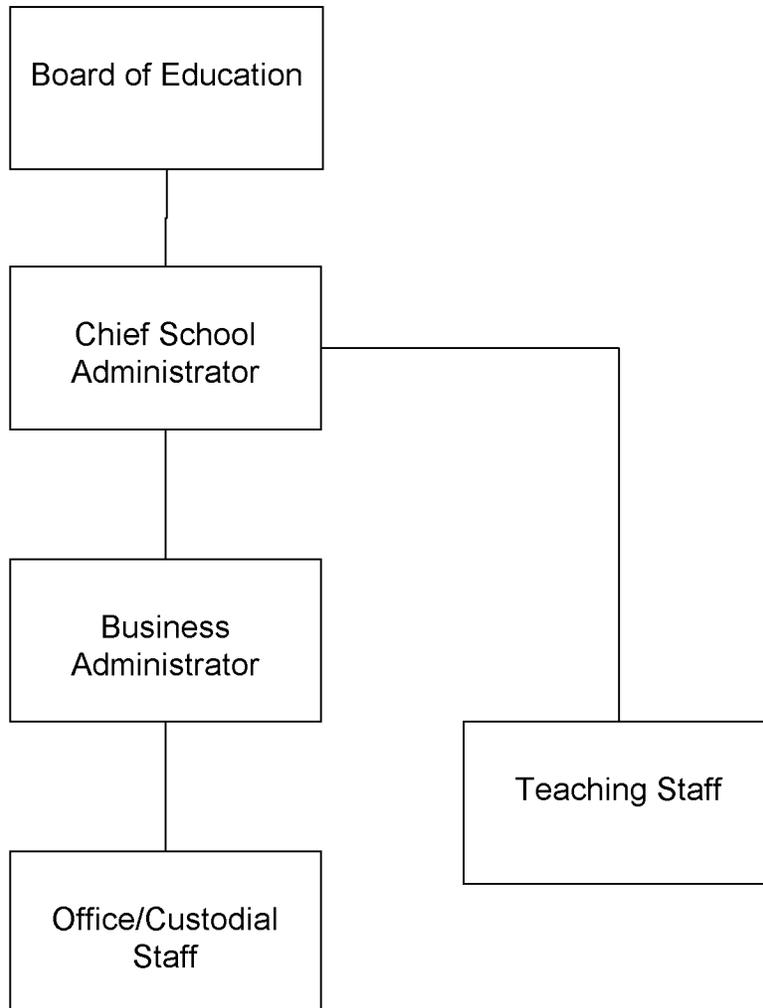
A handwritten signature in cursive script, appearing to read "Thomas West".

Thomas West
Business Administrator/Board Secretary

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

WINFIELD TOWNSHIP SCHOOL DISTRICT

Organizational Chart



**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Ms. Virginia Blackwell	2014
Mrs. Maureen Byrne	2012
Mr. Timothy Heuser	2012
Mr. Adam Koomer	2013
Mr. Sandra Tobias	2013
Mr. Frederick Viteka	2013
Mrs. Carolyn Gerhart	2014
Tony LaRocca III	2012
Mrs. Ann Marie Weiss	2014

OTHER OFFICIALS

Ms. Alice Krihak, Chief School Administrator

Mr. Thomas West, School Business Administrator/Board Secretary

Mrs. Donna Hughes, Treasurer

Mr. Mark Tabakin, Solicitor

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue
Union, New Jersey 07083

Attorney

Weiner Lesniak
629 Parsippany Road
Post Office Box 0438
Parsippany, NJ 07054-0438

Official Depository

TD Bank
1701 Route 70 East
Cherry Hill, NJ 08034

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Education
Winfield Township School District
County of Union
Winfield, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Winfield Township School District (School District) in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Winfield Township School District, in the County of Union, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2012 on our consideration of School District's internal control over financial reporting and 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 14 and 65, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," and New Jersey OMB's Circular 04-04, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*," respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

October 19, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

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

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❖ General revenues accounted for \$3,194,689 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$194,159 or 6% of total revenues of \$3,388,848.
- ❖ The School District had \$3,500,731 in expenses; with \$194,159 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,194,689 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,280,693 in revenues and \$3,384,580 in expenditures and other financing sources. The General Fund's fund balance decreased \$103,887 over 2011. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

- ❖ Governmental activities — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

Statement of Net Assets and the Statement of Activities (Continued)

- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the 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 financial statements can be found starting on page 41 of this report.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

The School District as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2012 and 2011.

**Table 1
Net Assets**

	2012	2011
Assets		
Current and Other Assets	\$ 158,254	\$ 261,866
Capital Assets	<u>36,454</u>	<u>39,059</u>
Total Assets	<u>194,708</u>	<u>300,925</u>
Liabilities		
Account and Other Payables	35,403	31,042
Other Current Liabilities	2,263	1,580
Long-Term Liabilities	<u>32,889</u>	<u>32,267</u>
Total Liabilities	<u>70,555</u>	<u>64,889</u>
Net Assets		
Invested in Capital Assets, Net of Debt	6,143	25,372
Restricted	106,421	214,241
Unrestricted	<u>11,589</u>	<u>(3,577)</u>
Total Net Assets	<u>\$ 124,153</u>	<u>\$ 236,036</u>

The District's combined net assets were \$124,153 on June 30, 2012, and \$236,036 for 2011.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

The School District as a Whole (Continued)

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

**Table 2
Changes in Net Assets**

	2012	2011
Revenues		
Program Revenues:		
Charges for Services	\$ 29,049	\$ 25,420
Operating Grants and Contributions	165,110	165,588
General Revenues:		
Property Taxes	1,438,845	1,410,633
Grants and Entitlements	1,744,122	1,608,797
Other	<u>11,722</u>	<u>20,490</u>
Total Revenues	<u>3,388,848</u>	<u>3,230,928</u>
Program Expenses		
Instruction	1,721,213	1,652,053
Support Services:		
Tuition	561,915	422,735
Student and Instruction Related	418,306	405,231
General and Business Administrative	189,493	290,310
School Administrative	48,531	49,097
Plant Operations and Maintenance	307,282	206,346
Pupil Transportation	179,440	164,776
Capital Outlay	19,432	30,555
Food Service	<u>55,119</u>	<u>49,738</u>
Total Program Expenses	<u>3,500,731</u>	<u>3,270,841</u>
Changes in Net Assets	<u>\$ (111,883)</u>	<u>\$ (39,913)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 43% for 2012 and 44% for 2011 of revenues for governmental activities for the Winfield Township School District. The District's total revenues were \$3,344,925 for the

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

The School District as a Whole (Continued)

year ended June 30, 2012, and \$3,190,647 for 2011. Federal, state, and local grants accounted for another 57% for 2012 and 55% for 2011 of revenues which includes \$223,321 for 2012 and \$188,626 for 2011 of state reimbursed TPAF pension and TPAF social security contributions.

The total cost of all program and services was \$3,445,612 for 2012 and \$3,221,103 for 2011. Instruction comprises 50% for 2012 and 51% for 2011 of District's expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$7,196 for 2012 and \$357 for 2011.
- ❖ Charges for services represent \$29,049 for 2012 and \$25,420 for 2011 of revenues. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and food distribution program were \$14,874 for 2012 and \$14,861 for 2011.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

Table 3

	Total Cost of Services	
	2012	2011
Instruction	\$ 1,721,213	\$ 1,652,053
Support Services:		
Tuition	561,915	422,735
Student and Instruction Related	418,306	405,231
General and Business Administrative	189,493	290,310
School Administrative	48,531	49,097
Plant Operations and Maintenance	307,282	206,346
Pupil Transportation	179,440	164,776
Capital Outlay	19,432	30,555
Total Expenses	\$ 3,445,612	\$ 3,221,103

	Net Cost of Services	
	2012	2011
Instruction	\$ 1,632,150	\$ 1,563,525
Support Services:		
Tuition	561,915	422,735
Student and Instruction Related	418,306	405,231
General and Business Administrative	189,493	290,310
School Administrative	48,531	49,097
Plant Operations and Maintenance	307,282	206,346
Pupil Transportation	118,267	102,577
Capital Outlay	19,432	30,555
Total Expenses	\$ 3,295,376	\$ 3,070,376

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Tuition and Students and Instruction Related expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General and Business Administration and School Administration expenses include expenses associated with administrative and financial supervision of the District.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

Plant Operations and Maintenance expenses involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil Transportation expenses includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$3,344,925 for 2012 and \$3,190,647 for 2011 and expenditures were \$3,448,812 for 2012 and \$3,214,825 for 2011. The net change in fund balance for the year was an increase of \$103,887 for 2012 and \$24,178 for 2011. The positive change is most significant in the general fund for 2012 and for 2011.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Local Sources	\$ 1,450,567	43.37%	\$ 19,444	1.36%
State Sources	1,774,240	53.04%	80,687	4.76%
Federal Sources	120,118	3.59%	54,147	82.08%
Total	\$ 3,344,925	100.00%	\$ 154,278	

Local revenues increased by \$19,444. The increase in local revenue was due to a tax increase needed to fund the additional expenditures associated with an increase in enrollment and higher operating costs.

Federal revenues decreased due to a decrease in IDEA and Title funds.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

The School District's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Current Expense:				
Instruction	\$ 1,567,430	45.45%	\$ 44,916	2.95%
Undistributed	1,857,950	53.87%	205,294	12.42%
Capital Outlay	19,432	0.56%	(11,123)	-36.40%
Food Transfers	4,000	0.12%	(5,100)	-56.04%
Total	\$ 3,448,812	100.00%	\$ 233,987	

Changes in expenditures were the results of varying factors. Current expense increased due to additional staff and students, and increased health benefits and utility costs.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ♣ TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights (Continued)

- ♣ Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.

Capital Assets

The School District had \$31,600 at June 30, 2012 and \$31,778 for 2011 invested in land, building, furniture and equipment, and vehicles. Table 4 shows the balances of capital assets (net of depreciation) for fiscal years 2012 and 2011.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	2012	2011
Land and Land Improvements	\$ 31,600	\$ 31,600
Machinery and Equipment	-	178
Total	\$ 31,600	\$ 31,778

For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2012, the School District had \$32,889 of outstanding debt. Of this amount, \$30,825 is for compensated absences; and \$2,064 is for various capital leases.

For more detailed information, please refer to the Notes to the Financial Statements.

For the Future

The Winfield Township School District is in stable financial condition presently. The School District is proud of its community support of the public schools. A concern is the continued growth of the District with the increased reliance on local property taxes.

In conclusion, the Winfield Township School District has committed itself to financial stability for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(CONTINUED)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Thomas West, School Board Secretary at Winfield Township School District, 7 1/2 Gulfstream Avenue, Winfield, New Jersey 07036.

BASIC FINANCIAL STATEMENTS

SECTION A - DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 94,173	\$ 67	\$ 94,240
Restricted	974		974
Interfund Receivables	40,118		40,118
Receivables	21,063	615	21,678
Inventories		1,244	1,244
Capital Assets, Net	31,600	4,854	36,454
Total Assets	187,928	6,780	194,708
LIABILITIES:			
Interfund Payable	32,622		32,622
Accounts Payable		2,781	2,781
Deferred Revenue	2,263		2,263
Noncurrent Liabilities:			
Due Within One Year	2,064		2,064
Due Beyond One Year	30,825		30,825
Total Liabilities	67,774	2,781	70,555
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,289	4,854	6,143
Restricted for:			
Other Purposes	42,153	64,268	106,421
Unrestricted	76,712	(65,123)	11,589
Total Net Assets	\$ 120,154	\$ 3,999	\$ 124,153

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

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

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction:								
Regular	\$ 1,196,612	\$ 114,036	\$ -	\$ -	\$ -	\$ (1,310,648)	\$ -	\$ (1,310,648)
Special Education	323,684	34,853		89,063		(289,474)		(289,474)
Other Special Education	15,689	2,046				(17,735)		(17,735)
Other Instruction	31,445	2,848				(34,293)		(34,293)
Support Services:								
Tuition	561,915					(561,915)		(561,915)
Student and Instruction Related Services	384,664	33,642				(418,306)		(418,306)
General and Business Administrative Services	173,074	16,419				(189,493)		(189,493)
School Administrative Services	43,198	5,333				(48,531)		(48,531)
Plant Operations and Maintenance	296,047	11,235				(307,282)		(307,282)
Pupil Transportation	176,531	2,909		61,173		(118,267)		(118,267)
Capital Outlay	19,432					(19,432)		(19,432)
Total Governmental Activities	3,222,291	223,321	-	150,236	-	(3,295,376)	-	(3,295,376)
BUSINESS-TYPE ACTIVITIES:								
Food Service	55,119		29,049	14,874			(11,196)	(11,196)
Total Business-Type Activities	55,119		29,049	14,874			(11,196)	(11,196)
Total Primary Government	\$ 3,277,410		\$ 29,049	\$ 165,110	\$ -	\$ (3,295,376)	\$ -	\$ (3,306,572)
GENERAL REVENUES:								
Property Taxes Levied For:								
General Purposes						\$ 1,438,845	\$ -	\$ 1,438,845
Federal and State Aid Not Restricted						1,744,122		1,744,122
Investment Earnings						781		781
Miscellaneous Income						10,941		10,941
Transfers						(4,000)	4,000	-
Total General Revenues						3,190,689	4,000	3,194,689
Change in Net Assets						(104,687)	(7,196)	(111,883)
Net Assets - Beginning						224,841	11,195	236,036
Net Assets - Ending						\$ 120,154	\$ 3,999	\$ 124,153

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

SECTION B - FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

WINFIELD TOWNSHIP SCHOOL DISTRICT
GOVERNMENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 66,529	\$ 27,644	\$ 94,173
Capital Reserve Account	974		974
Interfund Accounts Receivable	40,118		40,118
Receivables From Other Governments	13,822	7,241	21,063
Total Assets	\$ 121,443	\$ 34,885	\$ 156,328
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Accounts Payable	\$ -	\$ 32,622	\$ 32,622
Deferred Revenue		2,263	2,263
Total Liabilities	-	34,885	34,885
Fund Balances:			
Reserved For:			
Encumbrances	5,450		5,450
Legally Restricted - Designated for Subsequent Year's Expenditures	35,729		35,729
Capital Reserve Account	974		974
Unreserved:			
General Fund	79,290		79,290
Total Fund Balances	121,443	-	121,443
Total Liabilities and Fund Balances	\$ 121,443	\$ 34,885	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$703,872 and the accumulated depreciation is \$672,272.

31,600

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.

(32,889)

Net Assets of Governmental Activities

\$ 120,154

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

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

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,438,845	\$ -	\$ 1,438,845
Interest on Investments	781		781
Miscellaneous	10,941		10,941
Total Local Sources	1,450,567	-	1,450,567
State Sources	1,774,240		1,774,240
Federal Sources	55,886	64,232	120,118
Total Revenues	3,280,693	64,232	3,344,925
EXPENDITURES:			
Current:			
Instruction:			
Regular	1,155,308	41,304	1,196,612
Special Education	323,684		323,684
Other Special Education	15,689		15,689
Other	31,445		31,445
Support Services and Undistributed Costs:			
Tuition	561,915		561,915
Student and Instruction Related Services	361,736	22,928	384,664
General and Business Administrative Services	172,452		172,452
School Administrative Services	43,198		43,198
Plant Operations and Maintenance	295,869		295,869
Pupil Transportation	176,531		176,531
Employee Benefits	223,321		223,321
Capital Outlay	19,432		19,432
Total Expenditures	3,380,580	64,232	3,444,812
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,887)	-	(99,887)
OTHER FINANCING SOURCES (USES):			
Food Service:			
Transfers to Cover Deficit	(4,000)		(4,000)
Total Other Financing Sources (Uses)	(4,000)	-	(4,000)
NET CHANGE IN FUND BALANCES	(103,887)	-	(103,887)
FUND BALANCES, JULY 1	225,330	-	225,330
FUND BALANCES, JUNE 30	\$ 121,443	\$ -	\$ 121,443

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (B-2) \$ (103,887)

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, on the statement of activities, the cost of those
 assets which are capitalized are allocated over their estimated useful lives
 as depreciation expense in the current fiscal year.

Depreciation Expense (178)

Some items reported in the statement of activities do not require the use of
 current financial resources and therefore are not reported as expenditures in
 government funds. The increase in capital leases is a reduction to the
 reconciliation. The decrease in capital leases is an addition to the reconciliation.

(622)

Change in net assets of governmental activities \$ (104,687)

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

PROPRIETARY FUNDS

WINFIELD TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

Business-Type Activities - Enterprise Funds

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 67
Receivables from Other Governments	615
Inventories	<u>1,244</u>
 Total Current Assets	 <u>1,926</u>
Noncurrent Assets:	
Machinery and Equipment	33,630
Less: Accumulated Depreciation	<u>(28,776)</u>
 Total Noncurrent Assets	 <u>4,854</u>
 Total Assets	 <u><u>\$ 6,780</u></u>
 LIABILITIES AND NET ASSETS:	
Liabilities:	
Accounts Payable	<u>\$ 2,781</u>
 Total Liabilities	 <u>2,781</u>
Net Assets:	
Invested in Capital Assets	4,854
Contributed Capital	64,268
Unrestricted	<u>(65,123)</u>
 Total Net Assets	 <u>3,999</u>
 Total Liabilities and Net Assets	 <u><u>\$ 6,780</u></u>

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

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

Business-Type Activities - Enterprise Funds

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 29,049
Total Operating Revenues	<u>29,049</u>
OPERATING EXPENSES:	
Salaries	21,344
Management Fees	8,860
Depreciation Expense	2,427
Cost of Sales	19,580
Miscellaneous Expenditures	<u>2,908</u>
Total Operating Expenses	<u>55,119</u>
OPERATING LOSS	<u>(26,070)</u>
NONOPERATING REVENUES:	
State Sources:	
State Lunch Program	494
Federal Sources:	
Federal Lunch Program	11,686
Federal Breakfast Program	515
Special Milk Program	251
U.S.D.A. Commodities	<u>1,928</u>
Total Nonoperating Revenues	<u>14,874</u>
Change in Net Assets Before Other Financing Uses	<u>(11,196)</u>
OTHER FINANCING SOURCES:	
Transfers In	<u>4,000</u>
Total Other Financing Sources	<u>4,000</u>
CHANGE IN NET ASSETS	(7,196)
TOTAL NET ASSETS - JULY 1	<u>11,195</u>
TOTAL NET ASSETS - JUNE 30	<u><u>\$ 3,999</u></u>

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

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

Business-Type Activities - Enterprise Funds	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 28,434
Cash Payments to Suppliers and Employees	<u>(50,852)</u>
Net Cash Used In Operating Activities	<u>(22,418)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	14,874
Operating Transfers In - General Fund	<u>4,000</u>
Net Cash Provided By Noncapital Financing Activities	<u>18,874</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,544)
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,611</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 67</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss	\$ (26,070)
Depreciation	2,427
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(615)
Increase In Inventories	(941)
Increase In Accounts Payable	<u>2,781</u>
Net Cash Used In Operating Activities	<u><u>\$ (22,418)</u></u>

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

FIDUCIARY FUNDS

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

	<u>Bernstein/ Sweeney Scholarships</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 4,561	\$ 16,137
Interfund Accounts Receivable		<u>350</u>
Total Assets	<u><u>\$ 4,561</u></u>	<u><u>\$ 16,487</u></u>
LIABILITIES:		
Interfund Accounts Payable	350	\$ 7,496
Payable to Student Groups		6,712
Payroll Deductions and Withholdings		<u>2,279</u>
Total Liabilities	<u><u>350</u></u>	<u><u>\$ 16,487</u></u>
NET ASSETS:		
Restricted For:		
Principal Portion - Nonexpendable	<u>4,211</u>	
Total Net Assets	<u><u>\$ 4,211</u></u>	

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2012

	<u>Bernstein/ Sweeney Scholarships</u>
ADDITIONS:	
Interest Income	<u>\$ 13</u>
Total Additions	<u>13</u>
DEDUCTIONS:	
Scholarship Payments	<u>450</u>
Total Deductions	<u>450</u>
Change in Net Assets	(437)
Net Assets, July 1	<u>4,648</u>
Net Assets, June 30	<u><u>\$ 4,211</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

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

B. Basis of Presentation, Basis of Accounting

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The statement of net assets and the statement of activities display information about the District as a whole.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation, Basis of Accounting (Continued)

These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School 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.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation, Basis of Accounting (Continued)

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 all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

The District reports the following proprietary funds:

Enterprise Fund (Food Service): The enterprise fund accounts for all revenues and expenses pertaining to the Board's operations. The funds are 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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 include the Student Activities Fund, Payroll Agency Fund and Scholarship Funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation, Basis of Accounting (Continued)

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. 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 approved by School Board resolution. All budget 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 (GAAP) with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 66,495
Adjustments:	
Less Encumbrances at June 30, 2012	(3,836)
Plus Encumbrances at June 30, 2011	<u>1,573</u>
Total Revenues and Expenditures (GAAP Basis)	<u><u>\$ 64,232</u></u>

D. Encumbrances Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

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

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and Medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues — Exchange and Non-exchange 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. 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 non-exchange transactions must also be available before it can be recognized.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

Operating Revenues 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.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

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 five percent 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%.

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the school district.

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 67,503</u>	<u>\$ 27,644</u>	<u>\$ 67</u>	<u>\$ 20,698</u>	<u>\$ 115,912</u>

The investments recorded in the District-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the District-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2012 was \$115,912 and the bank balance was \$161,889. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

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

NOTE 2: **CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2012, the Board had funds invested and on deposit in checking accounts and New Jersey ARM. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2012, the District had no funds on deposit with the New Jersey Cash Management Fund.

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

NOTE 3: RECEIVABLES

Receivables at June 30, 2012, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 13,822	\$ 13,846
Federal Aid	7,241	7,832
Other	-	-
Gross Receivables	<u>21,063</u>	<u>21,678</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 21,063</u></u>	<u><u>\$ 21,678</u></u>

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 40,118	\$ -
Special Revenue Fund		32,622
Fiduciary Fund	<u>350</u>	<u>7,846</u>
Total	<u><u>\$ 40,468</u></u>	<u><u>\$ 40,468</u></u>

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

NOTE 5: OPERATING LEASES

The District had a commitment to lease copying equipment under operating leases which will expire on December 2012. Total operating lease payments made during the year ended June 30, 2012 were \$4,128. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2013	<u>\$ 2,064</u>
Total minimum lease payments	2,064
Less: Amount representing interest	<u>39</u>
Present value of net minimum lease payments	<u><u>\$ 2,025</u></u>

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Adjustments) Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	\$ 31,600	\$ -	\$ -	\$ 31,600
Total Capital Assets Not Being Depreciated	<u>31,600</u>	<u>-</u>	<u>-</u>	<u>31,600</u>
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	342,000	-	-	342,000
Building and Building Improvements	274,104	-	-	274,104
Machinery and Equipment	56,168	-	-	56,168
Totals at Historical Cost	<u>672,272</u>	<u>-</u>	<u>-</u>	<u>672,272</u>
Less Accumulated Depreciation For:				
Site Improvements	342,000	-	-	342,000
Building and Building Improvements	274,104	-	-	274,104
Machinery and Equipment	55,990	3,311	3,133	56,168
Total Accumulated Depreciation	<u>672,094</u>	<u>3,311</u>	<u>3,133</u>	<u>672,272</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>178</u>	<u>(3,311)</u>	<u>(3,133)</u>	<u>-</u>
Government Activity Capital Assets, Net	<u>\$ 31,778</u>	<u>\$ (3,311)</u>	<u>\$ (3,133)</u>	<u>\$ 31,600</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 33,630	\$ -	\$ -	\$ 33,630
Less Accumulated Depreciation	(26,349)	(2,427)	-	(28,776)
Enterprise Fund Capital Assets, Net	<u>\$ 7,281</u>	<u>\$ (2,427)</u>	<u>\$ -</u>	<u>\$ 4,854</u>

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

NOTE 6: CAPITAL ASSETS (CONTINUED)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

At the end of the fiscal year 2012, the School District did not have a capital assets inventory completed and therefore the capital assets schedule is not updated.

Depreciation expense was charged to functions as follows:

Plant Operations and Maintenance	\$ 178
Total	<u>\$ 178</u>

NOTE 7: LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2012, are as follows:

	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012	Amounts Due Within One Year
Obligations Under					
Capital Lease	\$ 6,192	\$ -	\$ 4,128	\$ 2,064	\$ 2,064
Compensated Absences Payable	<u>26,075</u>	<u>4,750</u>	<u>-</u>	<u>30,825</u>	<u>-</u>
Total	<u>\$ 32,267</u>	<u>\$ 4,750</u>	<u>\$ 4,128</u>	<u>\$ 32,889</u>	<u>\$ 2,064</u>

Compensated absences and capital leases have been liquidated in the General Fund.

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

NOTE 8: PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

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

NOTE 8: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. From fiscal year 1997 to fiscal year 2003, State and local government employers were not required to make contributions to the pension funds. The use of surplus pension assets replaced the annual payments that would otherwise have been made by employers. Subsequent law, P.L.2003, c.108, led to the resumption of contributions, on a phased-in approach. In 2009, employer contributions to PERS were further amended by P.L.2009, c.19.

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

NOTE 8: PENSION PLANS (CONTINUED)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a noncontributing employer of TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$22,766	100%	\$22,766
6/30/11	\$22,199	100%	\$22,199
6/30/10	\$14,813	100%	\$14,813

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$124,207	100%	None
6/30/11	\$86,701	100%	None
6/30/10	\$77,804	100%	None

During the fiscal year ended June 30, 2012, the State of New Jersey made \$124,207 to the TPAF for normal and post-retirement benefits on behalf of the District. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$99,114 during the fiscal year ended June 30, 2012, for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

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

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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 P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education 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.

NOTE 10: FUND BALANCE APPROPRIATED

General Fund – Of the \$121,443 General Fund fund balance at June 30, 2012, \$35,729 is reserved for Legally Restricted-Designated for Subsequent Year's Expenditures; \$5,450 is reserved for encumbrances; \$974 has been reserved in the Capital Reserve Account; and \$79,290 is unreserved and undesignated.

NOTE 11: RESERVED FUND BALANCES – GENERAL FUND

Calculation Of Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. At June 30, 2012, there is no excess fund balance.

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

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,438,845	\$ -	\$ 1,438,845	\$ 1,438,845	\$ -
Earnings on Investments				781	781
Other Revenues from Local Sources	27,333		27,333	10,941	(16,392)
Total Local Sources	1,466,178	-	1,466,178	1,450,567	(15,611)
State Sources:					
School Choice Aid	60,000	5,000	65,000	65,000	-
Transportation Aid	61,172		61,172	61,172	-
Special Education Aid	88,915		88,915	88,915	-
Extraordinary Aid		11,386	11,386	11,386	-
Equalization Aid	1,264,879		1,264,879	1,264,879	-
Security Aid	20,538		20,538	20,538	-
Adjustment Aid	47,583	(5,000)	42,583	42,583	-
Other Unrestricted State Aid		2,584	2,584	2,584	-
Additional Formula Aid	30,729	(30,729)	-	-	-
On-Behalf TPAF Pension Contributions				124,207	124,207
Reimbursed TPAF Social Security Contributions				99,114	99,114
Total State Sources	1,573,816	(16,759)	1,557,057	1,780,378	223,321
Federal Sources:					
Education Jobs Grant	54,188	1,698	55,886	55,886	-
Total Federal Sources	54,188	1,698	55,886	55,886	-
Total Revenues	3,094,182	(15,061)	3,079,121	3,286,831	207,710
EXPENDITURES:					
Current Expenses:					
Instruction:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	49,944	25,384	75,328	75,328	-
Kindergarten	97,579	(1,584)	95,995	95,955	40
Grades 1-5	451,157	(34,104)	417,053	416,986	67
Grades 6-8	274,379	3,976	278,355	278,355	-
Home Instruction	1,000	(1,000)	-	-	-
Total Regular Programs - Instruction	874,059	(7,328)	866,731	866,624	107
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	8,330		8,330	7,635	695
General Supplies	26,079	9,234	35,313	34,756	557
Textbooks	17,000	200	17,200	16,957	243
Miscellaneous Expenditures	13,000	14,000	27,000	23,544	3,456
Total Regular Programs - Undistributed Instruction	64,409	23,434	87,843	82,892	4,951
Total Regular Programs	938,468	16,106	954,574	949,516	5,058
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers		15,557	15,557	15,556	1
Other Salaries for Instruction		2,041	2,041	2,041	-
Total Learning and/or Language Disabilities	-	17,598	17,598	17,597	1
Visually Impairments:					
Other Salaries for Instruction	18,868	(491)	18,377	18,367	10
Total Visually Impairments	18,868	(491)	18,377	18,367	10

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	\$ 254,686	\$ (23,421)	\$ 231,265	\$ 231,235	\$ 30
General Supplies	1,200		1,200	517	683
Textbooks	150		150		150
Other Objects	250		250		250
Total Resource Room/Resource Center	256,286	(23,421)	232,865	231,752	1,113
Basic Skills/Remedial:					
Salaries of Teachers	25,908	(10,000)	15,908	15,689	219
General Supplies	300		300		300
Other Objects	200		200		200
Total Basic Skills/Remedial	26,408	(10,000)	16,408	15,689	719
Total Special Education	301,562	(16,314)	285,248	283,405	1,843
Other Instructional Programs:					
School-Sponsored Co-Curricular and Extra-Curricular Activities:					
Salaries	3,954	1,077	5,031	5,031	-
Supplies and Materials	900	(200)	700	665	35
Total School-Sponsored Co-Curricular and Extra-Curricular Activities	4,854	877	5,731	5,696	35
School-Sponsored Athletics:					
Salaries	16,806		16,806	16,806	-
Purchased Services	4,780	4,482	9,262	8,943	319
Total School-Sponsored Athletics	21,586	4,482	26,068	25,749	319
Total Other Instructional Programs	26,440	5,359	31,799	31,445	354
Total Instruction	1,266,470	5,151	1,271,621	1,264,366	7,255
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	246,330		246,330	246,330	-
Tuition to Other LEAs Within the State - Special Education	148,652	28,150	176,802	176,767	35
Tuition to County Vocational School Districts - Regular	96,000	4,000	100,000	100,000	-
Tuition to County Vocational School Districts - Special Education	65,818	(65,818)	-	-	-
Tuition to Private Schools for the Disabled Within the State		38,819	38,819	38,818	1
Total Instruction	556,800	5,151	561,951	561,915	36
Attendance and Social Work Services:					
Salaries	25,906		25,906	25,906	-
Total Attendance and Social Work Services	25,906	-	25,906	25,906	-
Health Services:					
Salaries	55,801	1,260	57,061	57,059	2
Supplies and Materials	600		600	403	197
Other Objects	400		400	145	255
Total Health Services	56,801	1,260	58,061	57,607	454
Other Support Services Students - Related Services:					
Purchased Prof/Ed Services	38,000	6,600	44,600	40,523	4,077
Supplies and Materials	200		200		200
Total Other Support Services Students - Related Services	38,200	6,600	44,800	40,523	4,277

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Other Support Services Students - Regular Services:					
Salaries of Secretarial and Clerical Assistants	\$ 25,745	\$ 1	\$ 25,746	\$ 25,745	\$ 1
Supplies and Materials	200		200		200
Other Objects	200		200		200
Total Other Support Services Students - Regular Services	26,145	1	26,146	25,745	401
Other Support Services Students - Special Services:					
Salaries of Other Professional Staff	67,418	605	68,023	68,020	3
Salaries of Secretarial and Clerical Assistants	22,098	202	22,300	22,300	-
Purchased Prof/Ed Services	45,000	4,300	49,300	49,300	-
Supplies and Materials	500		500	242	258
Total Other Support Services Students - Special Services	135,016	5,107	140,123	139,862	261
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	51,786	(6,000)	45,786	45,786	-
Other Purchased Services	12,000		12,000	11,824	176
Total Improvement of Instruction Services	63,786	(6,000)	57,786	57,610	176
Educational Media/Library:					
Salaries	15,160	(2,055)	13,105	13,104	1
Supplies and Materials	1,783		1,783	1,334	449
Total Educational Media/Library	16,943	(2,055)	14,888	14,438	450
Instructional Staff Training Services:					
Other Purchased Services	300		300	45	255
Total Instructional Staff Training Services	300	-	300	45	255
Support Services General Administration:					
Salaries	36,990		36,990	36,990	-
Legal Fees	4,700		4,700	4,610	90
Audit Fees	9,450		9,450	9,450	-
Communications/Telephone	6,060		6,060	5,050	1,010
Other Purchased Services	4,750		4,750	4,732	18
General Supplies	700		700	629	71
Miscellaneous Expenditures	1,879		1,879	1,874	5
BOE Membership Dues and Fees	2,245		2,245	2,245	-
Total Support Services General Administration	66,774	-	66,774	65,580	1,194
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	37,494		37,494	37,494	-
Salaries of Secretarial and Clerical Assistants	3,395		3,395	3,395	-
Supplies and Materials	500		500	500	-
Other Objects	300		300	259	41
Total Support Services School Administration	41,689	-	41,689	41,648	41
Central Services:					
Salaries	88,877	1	88,878	88,878	-
Purchased Professional Services	2,600		2,600	2,600	-
Supplies and Materials	100		100		100
Miscellaneous Expenditures	300		300	285	15
Total Central Services	91,877	1	91,878	91,763	115
Required Maintenance for School Facilities:					
Salaries	28,245	4,116	32,361	31,692	669
Cleaning, Repair and Maintenance Services	19,200	20,500	39,700	34,915	4,785
General Supplies	8,800	2,000	10,800	10,787	13
Total Required Maintenance for School Facilities	56,245	26,616	82,861	77,394	5,467

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 66,975	\$ (12,300)	\$ 54,675	\$ 54,439	\$ 236
Insurance	12,500		12,500	12,500	-
Miscellaneous Purchased Services	3,000	8,000	11,000	10,946	54
Energy (Heat and Electricity)	63,000	(15,400)	47,600	45,249	2,351
Other Objects	2,700		2,700	2,551	149
Total Other Operation and Maintenance of Plant Services	148,175	(19,700)	128,475	125,685	2,790
Student Transportation Services:					
Salaries for Pupil Transportation (B/T Home & School) - Regular	22,501		22,501	22,300	201
Contracted Services - Aid In Lieu of Payment for Non-public School Students	20,332	(8,398)	11,934	11,050	884
Contracted Services - Transportation (B/T Home & School) - Vendors	70,000	(6,000)	64,000	64,000	-
Contracted Services - Transport (Other Than B/T Home & School) - Vendors	6,000	1,600	7,600	7,589	11
Contracted Services (Special Ed Students) - Vendors	92,357	(20,700)	71,657	71,592	65
Total Student Transportation Services	211,190	(33,498)	177,692	176,531	1,161
Allocated Employee Benefits - Regular Programs:					
Health Benefits	204,283	2,500	206,783	205,792	991
Total Allocated Employee Benefits - Regular Programs	204,283	2,500	206,783	205,792	991
Allocated Employee Benefits - Special Education Programs:					
Health Benefits	55,968		55,968	55,968	-
Total Allocated Employee Benefits - Special Education Programs	55,968	-	55,968	55,968	-
Allocated Employee Benefits - General Administration:					
Health Benefits	1,550		1,550	1,550	-
Total Allocated Employee Benefits - General Administration	1,550	-	1,550	1,550	-
Allocated Employee Benefits - School Administration:					
Health Benefits	1,550	-	1,550	1,550	-
Total Allocated Employee Benefits - School Administration	1,550	-	1,550	1,550	-
Allocated Employee Benefits - Central Services:					
Health Benefits	13,559		13,559	13,559	-
Total Allocated Employee Benefits - Central Services	13,559	-	13,559	13,559	-
Allocated Employee Benefits - Operation and Maintenance of Plant Services:					
Social Security Contribution	28,000	3,500	31,500	31,402	98
Other Retirement Contributions - Regular	25,000	(2,234)	22,766	22,766	-
Unemployment Compensation	3,000	3,500	6,500	6,258	242
Workmen's Compensation	17,300		17,300	16,864	436
Health Benefits	15,500		15,500	15,500	-
Tuition Reimbursement	5,000	(5,000)	-	-	-
Total Allocated Employee Benefits - Operation and Maintenance of Plant Services	93,800	(234)	93,566	92,790	776
Total Allocated Employee Benefits	370,710	2,266	372,976	371,209	1,767
On-Behalf TPAF Pension Contributions (Non-Budgeted)				124,207	(124,207)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				99,114	(99,114)
Total Contributions	-	-	-	223,321	(223,321)
Total Undistributed Expenditures	1,906,557	(14,251)	1,892,306	2,096,782	(204,476)
Total Expenditures - Current Expenses	3,173,027	(9,100)	3,163,927	3,361,148	(197,221)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Capital Outlay:					
Instructional Expenditures (Equipment):					
Regular Programs - Grades 1-5	\$ 4,600	\$ 9,100	\$ 13,700	\$ 13,632	\$ 68
Regular Programs - Grades 6-8	5,800		5,800	5,800	-
Total Capital Outlay	10,400	9,100	19,500	19,432	68
Total Expenditures	3,183,427	-	3,183,427	3,380,580	(197,153)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(89,245)	(15,061)	(104,306)	(93,749)	10,557
OTHER FINANCING SOURCES (USES):					
Food Services:					
Transfers to Cover Deficit				(4,000)	(4,000)
Total Other Financing Sources (Uses)	-	-	-	(4,000)	(4,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(89,245)	(15,061)	(104,306)	(97,749)	6,557
FUND BALANCES, JULY 1	373,501	-	373,501	373,501	-
FUND BALANCES, JUNE 30	\$ 284,256	\$ (15,061)	\$ 269,195	\$ 275,752	\$ 6,557
RECAPITULATION:					
Reserved For:					
Legally Restricted - Designated for Subsequent Year's Expenditures				\$ 35,729	
Encumbrances				5,450	
Capital Reserve Account				974	
Unreserved:					
Unreserved Fund Balance				233,599	
				275,752	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(154,309)	
Fund Balance Per Governmental Funds (GAAP)				\$ 121,443	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

WINFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
EDUCATION JOBS FUND PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Federal Sources:					
Education Jobs Grant	\$ 54,188	\$ 1,698	\$ 55,886	\$ 55,886	\$ -
Total Federal Sources	54,188	1,698	55,886	55,886	-
Total Revenues	54,188	1,698	55,886	55,886	-
EXPENDITURES:					
Current Expenses:					
Undistributed Expenditures:					
Allocated Employee Benefits - Regular Programs:					
Health Benefits	55,891		55,891	55,886	5
Total Expenditures	55,891	-	55,891	55,886	5
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,703)	1,698	(5)	-	5
FUND BALANCES, JULY 1	-	-	-	-	-
FUND BALANCES, JUNE 30	\$ (1,703)	\$ 1,698	\$ (5)	\$ -	\$ 5

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 64,922	\$ 1,573	\$ 66,495	\$ 66,495	\$ -
Total Revenues	64,922	1,573	66,495	66,495	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	13,156		13,156	13,156	-
Other Purchased Services	28,148		28,148	28,148	-
Total Instruction	41,304	-	41,304	41,304	-
Support Services:					
Personal Services - Employee Benefits	2,631	1,573	4,204	4,204	-
Purchased Prof/Ed Services	20,156		20,156	20,156	-
Other Purchased Services	831		831	831	-
Total Support Services	23,618	1,573	25,191	25,191	-
Total Expenditures	64,922	1,573	66,495	66,495	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

WINFIELD TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FISCAL YEAR ENDED JUNE 30, 2012

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 3,286,831	[C-2] \$ 66,495
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(2,263)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	148,171	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(154,309)</u>	
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>3,280,693</u>	[B-2] \$ <u>64,232</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,384,580	[C-2] \$ 66,495
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 accounting purposes.		(2,263)
Transfers to and from other fund are presented as outflows of budgetary resources but are not expenditures for financial accounting purposes.		
Net Transfers (Outflows) to/from general fund.	<u>(4,000)</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>3,380,580</u>	[B-2] \$ <u>64,232</u>

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

E-1

	NCLB Title I	I.D.E.A. Part B	I.D.E.A. Preschool	NCLB Title II	Grand Total
REVENUE SOURCES:					
Federal	\$ 18,191	\$ 39,654	\$ 1,148	\$ 7,502	\$ 66,495
Total Revenues	<u>18,191</u>	<u>39,654</u>	<u>1,148</u>	<u>7,502</u>	<u>66,495</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	13,156				13,156
Other Purchased Services		27,000	1,148		28,148
Total Instruction	<u>13,156</u>	<u>27,000</u>	<u>1,148</u>	<u>-</u>	<u>41,304</u>
Support Services:					
Personal Services - Employee Benefits	4,204				4,204
Purchased Prof/Ed Services		12,654		7,502	20,156
Other Purchased Services	831				831
Total Support Services	<u>5,035</u>	<u>12,654</u>	<u>-</u>	<u>7,502</u>	<u>25,191</u>
Total Expenditures	<u>18,191</u>	<u>39,654</u>	<u>1,148</u>	<u>7,502</u>	<u>66,495</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

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

Food Services Fund – The fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Unemployment Insurance Compensation Trust Fund – this expendable trust fund is used to account for deductions from employees’ salaries which are utilize to pay unemployment compensation claims as they arise.

Scholarship Funds – these are nonexpendable trust funds and limits expenses to the amounts earned on the trust principal.

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – this agency fund is used to account for payroll transactions of the school district.

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

	Nonexpendable Trusts	Agency			Total Agency Fund
	Bernstein/ Sweeney Scholarships	Student Activity	Payroll Agency	Net Payroll	
ASSETS:					
Cash and Cash Equivalents	\$ 4,561	\$ 6,362	\$ 9,775	\$ -	\$ 16,137
Interfund Accounts Receivable		350			350
Total Assets	4,561	\$ 6,712	\$ 9,775	\$ -	\$ 16,487
LIABILITIES:					
Interfund Accounts Payable	350	\$ -	\$ 7,496	\$ -	\$ 7,496
Payable to Student Groups		6,712			6,712
Payroll Deductions and Withholdings			2,279		2,279
Total Liabilities	350	\$ 6,712	\$ 9,775	\$ -	\$ 16,487
NET ASSETS:					
Restricted For:					
Principal Portion - Nonexpendable	4,211				
Total Net Assets	\$ 4,211				

WINFIELD TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2012

Nonexpendable Trust Funds	<u>Bernstein/ Sweeney Scholarships</u>
ADDITIONS:	
Interest Income	\$ 13
Total Additions	<u>13</u>
DEDUCTIONS:	
Scholarship Payments	<u>450</u>
Total Deductions	<u>450</u>
Change in Net Assets	(437)
Net Assets, July 1	<u>4,648</u>
Net Assets, June 30	<u><u>\$ 4,211</u></u>

WINFIELD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STUDENT ACTIVITY
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
ELEMENTARY SCHOOLS:				
Winfield Township	<u>\$ 5,110</u>	<u>\$ 30,709</u>	<u>\$ 29,107</u>	<u>\$ 6,712</u>
Total	<u>\$ 5,110</u>	<u>\$ 30,709</u>	<u>\$ 29,107</u>	<u>\$ 6,712</u>

WINFIELD TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 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>
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 7,509	\$ 13	\$ 7,496
Payroll Deductions and Withholding	<u>1,485</u>	<u>794,871</u>	<u>794,077</u>	<u>2,279</u>
Total Liabilities	<u>\$ 1,485</u>	<u>\$ 802,380</u>	<u>\$ 794,090</u>	<u>\$ 9,775</u>

SECTION I – LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

WINFIELD TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2012

Series	Amount of Issue	Interest Rate	Balance July 1, 2011	Current Year Addition	Current Year Retired	Balance June 30, 2012
Savin 8055SP Copier	\$ 20,640	2.90%	\$ 6,192	\$ -	\$ 4,128	\$ 2,064
Total			<u>\$ 6,192</u>	<u>\$ -</u>	<u>\$ 4,128</u>	<u>\$ 2,064</u>

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning that year.*

FINANCIAL TRENDS

WINFIELD TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in capital assets, net of related debt	\$ 1,289	\$ 15,664	\$ 14,889	\$ 14,114	\$ 13,339	\$ 34,104	\$ 36,486	\$ 44,176	\$ 46,822
Restricted	42,153	149,973	131,505	31,004	75,843	55,971	16,205	876	15,009
Unrestricted	76,712	59,204	118,003	92,938	167,386	123,669	(15,827)	(30,865)	62,669
Total Governmental Activities Net Assets	\$ 120,154	\$ 224,841	\$ 264,397	\$ 138,056	\$ 256,568	\$ 213,744	\$ 36,864	\$ 14,187	\$ 124,500
Business-Type Activities									
Invested in capital assets, net of related debt	\$ 4,854	\$ 9,708	\$ 9,708	\$ 9,708	\$ -	\$ -	\$ -	\$ 27,544	\$ 36,725
Restricted	64,268	64,268	64,268	64,268	64,268	64,268	64,268	64,310	64,310
Unrestricted	(65,123)	(62,781)	(62,424)	(63,279)	(66,984)	(63,086)	(63,848)	(69,447)	(63,773)
Total Business-Type Activities Net Assets	\$ 3,999	\$ 11,195	\$ 11,552	\$ 10,697	\$ (2,716)	\$ 1,182	\$ 420	\$ 22,407	\$ 37,262
District-wide									
Invested in capital assets, net of related debt	\$ 6,143	\$ 25,372	\$ 24,597	\$ 23,822	\$ 13,339	\$ 34,104	\$ 36,486	\$ 71,720	\$ 83,547
Restricted	106,421	214,241	195,773	95,272	140,111	120,239	80,473	65,186	79,319
Unrestricted	11,589	(3,577)	55,579	29,659	100,402	60,583	(79,675)	(100,312)	(1,104)
Total District-wide Net Assets	\$ 124,153	\$ 236,036	\$ 275,949	\$ 148,753	\$ 253,852	\$ 214,926	\$ 37,284	\$ 36,594	\$ 161,762

WINFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental Activities:									
Instruction:									
Regular	\$ 1,310,648	\$ 1,253,234	\$ 1,254,752	\$ 1,174,324	\$ 1,055,197	\$ 988,435	\$ 1,136,633	\$ 1,053,155	\$ 1,009,863
Special Education	358,537	356,942	333,720	252,431	232,896	204,298	245,007	158,980	148,074
Other Special Education	17,735	13,506	25,342	24,794	21,773	19,941	2,852	24,016	11,122
Other Instruction	34,293	28,371	27,167	27,603	24,232	28,807	26,880	28,439	18,759
Support Services:									
Tuition	561,915	422,735	413,399	749,105	614,638	648,102	676,911	711,098	628,053
Student and Instruction Related Services	418,306	405,231	415,680	390,279	403,295	353,645	318,771	271,013	218,768
General and Business Administration Services	189,493	290,310	262,052	239,283	521,273	495,693	169,363	143,137	224,172
School Administrative Services	48,531	49,097	47,178	44,890	49,225	48,885	44,106	143,130	169,099
Plant Operations and Maintenance	307,282	206,346	226,180	202,056	206,033	187,530	234,577	184,101	167,318
Pupil Transportation	179,440	164,776	183,219	192,218	233,679	186,003	209,300	232,514	159,725
Capital Outlay	19,432	30,555	28,823	61,488	11,300	11,024	8,109	5,375	8,340
Total Governmental Activities Expenses	3,445,612	3,221,103	3,217,512	3,358,471	3,373,541	3,172,363	3,072,509	2,954,958	2,763,293
Business-Type Activities:									
Food Service	55,119	49,738	44,923	52,257	46,462	46,240	45,918	50,057	52,114
Total Business-Type Activities Expenses	55,119	49,738	44,923	52,257	46,462	46,240	45,918	50,057	52,114
Total District Expenses	\$ 3,500,731	\$ 3,270,841	\$ 3,262,435	\$ 3,410,728	\$ 3,420,003	\$ 3,218,603	\$ 3,118,427	\$ 3,005,015	\$ 2,815,407
Program Revenues									
Governmental Activities:									
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	150,236	150,727	171,854	148,209	174,851	167,651	174,937	166,173	174,937
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	150,236	150,727	171,854	148,209	174,851	167,651	174,937	166,173	174,937
Business-Type Activities:									
Charges for Services	29,049	25,420	21,488	27,787	23,131	25,255	29,453	16,212	18,257
Operating Grants and Contributions	14,874	14,861	11,990	13,195	12,433	12,167	13,529	7,796	9,960
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	43,923	40,281	33,478	40,982	35,564	37,422	42,982	24,008	28,217
Total District Program Revenues	\$ 194,159	\$ 191,008	\$ 205,332	\$ 189,191	\$ 210,415	\$ 205,073	\$ 217,919	\$ 190,181	\$ 203,154
Net (Expense)/Revenue									
Governmental Activities	\$ (3,295,376)	\$ (3,070,376)	\$ (3,045,658)	\$ (3,210,262)	\$ (3,198,690)	\$ (3,004,712)	\$ (2,897,572)	\$ (2,788,785)	\$ (2,588,356)
Business-Type Activities	(11,196)	(9,457)	(11,445)	(11,275)	(10,898)	(8,818)	(2,936)	(26,049)	(23,897)
Total District-wide Net Expense	\$ (3,306,572)	\$ (3,079,833)	\$ (3,057,103)	\$ (3,221,537)	\$ (3,209,588)	\$ (3,013,530)	\$ (2,900,508)	\$ (2,814,834)	\$ (2,612,253)

WINFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied For:									
General Purposes	\$ 1,438,845	\$ 1,410,633	\$ 1,410,633	\$ 1,460,632	\$ 1,430,010	\$ 1,430,010	\$ 1,292,278	\$ 1,152,735	\$ 1,026,383
Federal and State Aid Not Restricted	1,744,122	1,608,797	1,759,378	1,636,926	1,791,718	1,716,916	1,625,622	1,530,272	1,522,661
Investment Earnings	781	1,439	1,947	4,407	18,808	24,530	5,365	1,729	948
Tuition Revenue	-	11,777	4,986	8,397	5,555	9,676	2,940	4,405	2,000
Miscellaneous Income	10,941	7,274	7,355	1,948	2,423	10,040	2,537	525	22,420
Transfer	(4,000)	(9,100)	(12,300)	(24,688)	(7,000)	(9,580)	(8,493)	(11,194)	(4,585)
Total Governmental Activities	3,190,689	3,030,820	3,171,999	3,087,622	3,241,514	3,181,592	2,920,249	2,678,472	2,569,827
Business-Type Activities:									
Transfer	4,000	9,100	12,300	24,688	7,000	9,580	8,493	11,194	4,485
Total Business-Type Activities	4,000	9,100	12,300	24,688	7,000	9,580	8,493	11,194	4,485
Total District-wide	\$ 3,194,689	\$ 3,039,920	\$ 3,184,299	\$ 3,112,310	\$ 3,248,514	\$ 3,191,172	\$ 2,928,742	\$ 2,689,666	\$ 2,574,312
Change in Net Assets	\$ (104,687)	\$ (39,556)	\$ 126,341	\$ (122,640)	\$ 42,824	\$ 176,880	\$ 22,677	\$ (110,313)	\$ (18,529)
Governmental Activities	(7,196)	(357)	855	13,413	(3,898)	762	5,557	(14,855)	(19,412)
Business-Type Activities	(111,883)	(39,913)	127,196	(109,227)	38,926	177,642	28,234	(125,168)	(37,941)
Total District	\$ (118,879)	\$ (79,760)	\$ 254,151	\$ (95,814)	\$ 81,750	\$ 178,404	\$ 33,891	\$ (140,023)	\$ (57,353)

WINFIELD TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$ 42,153	\$ 149,973	\$ 131,505	\$ 31,004	\$ 75,843	\$ 55,971	\$ 16,205	\$ 876	\$ 15,009	\$ 16,328
Unreserved	79,290	75,357	118,003	92,938	167,386	123,669	(15,827)	(30,865)	62,669	72,833
Total General Fund	\$ 121,443	\$ 225,330	\$ 249,508	\$ 123,942	\$ 243,229	\$ 179,640	\$ 378	\$ (29,989)	\$ 77,678	\$ 89,161
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year Ending June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Local Sources:										
Local Tax Levy	\$ 1,438,845	\$ 1,410,633	\$ 1,410,633	\$ 1,460,632	\$ 1,430,010	\$ 1,430,010	\$ 1,292,278	\$ 1,152,735	\$ 1,026,383	\$ 903,632
Tuition	-	11,777	4,986	8,397	5,555	9,676	2,940	4,405	2,000	3,905
Interest In Investments	781	1,439	1,947	4,407	18,808	24,530	5,365	1,729	948	3,033
Miscellaneous	10,941	7,274	7,355	1,948	2,423	10,040	2,537	525	22,420	7,700
State Sources	1,774,240	1,693,553	1,618,076	1,719,637	1,899,727	1,807,618	1,724,677	1,621,395	1,616,078	1,574,085
Federal Sources	120,118	65,971	313,156	65,498	66,842	76,949	75,882	75,050	81,520	59,629
Total Revenues	3,344,925	3,190,647	3,356,153	3,260,519	3,423,365	3,358,823	3,103,679	2,855,639	2,749,349	2,551,984
Expenditures:										
Instruction:										
Regular	1,196,612	1,157,194	1,162,688	1,086,288	1,104,917	1,061,874	1,029,353	784,191	770,303	743,172
Special Education	323,684	326,796	305,715	229,913	237,398	199,082	218,502	114,727	109,164	145,864
Other Special Education	15,689	12,158	22,843	22,313	18,060	16,440	2,475	17,354	8,129	-
Other Instruction	31,445	26,366	25,296	25,510	20,497	25,065	24,280	22,253	14,483	22,829
Support Services:										
Tuition	561,915	422,735	413,399	749,105	614,638	648,102	676,911	711,098	628,053	556,824
Student and Instructional Related Services	384,664	376,417	392,633	367,904	353,943	318,667	292,659	224,521	188,260	179,195
General and Business Administration Services	172,452	174,123	174,070	162,128	161,942	164,466	151,205	129,807	177,297	198,753
School Administrative Services	43,198	44,058	42,758	41,670	43,053	42,515	38,319	89,919	124,237	114,554
Plant Operations and Maintenance	295,869	284,345	291,550	252,417	252,978	220,545	221,935	152,800	140,671	131,442
Pupil Transportation	176,531	162,352	180,920	189,947	229,684	181,984	206,509	224,425	159,725	222,932
Employee Benefits	223,321	188,626	177,592	166,435	291,866	280,217	194,562	475,842	427,585	354,527
Capital Outlay	19,432	30,555	28,823	61,488	23,800	11,024	8,109	5,375	8,340	8,774
Total Expenditures	3,444,812	3,205,725	3,218,287	3,355,118	3,352,776	3,169,981	3,064,819	2,952,312	2,756,247	2,678,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,887)	(15,078)	137,866	(94,599)	70,589	188,842	38,860	(96,473)	(6,898)	(126,882)
Other Financing Sources (Uses):										
Transfer to Food Service	(4,000)	(9,100)	(12,300)	(24,688)	(7,000)	(9,580)	(8,493)	(11,194)	(4,585)	(1,906)
Total Other Financing Sources (Uses)	(4,000)	(9,100)	(12,300)	(24,688)	(7,000)	(9,580)	(8,493)	(11,194)	(4,585)	(1,906)
Net Change in Fund Balance	\$ (103,887)	\$ (24,178)	\$ 125,566	\$ (119,287)	\$ 63,589	\$ 179,262	\$ 30,367	\$ (107,667)	\$ (11,483)	\$ (128,788)

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
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.

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

Fiscal Year Ending June 30,	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2012	\$ -	\$ 10,941	\$ 10,941
2011	-	7,274	7,274
2010	2,287	5,068	5,068
2009	350	1,598	1,598
2008	-	2,423	2,423
2007	5,000	5,040	5,040
2006	15	2,522	2,522
2005	-	525	525
2004	-	22,420	22,420
2003	72	7,628	7,628

Source: District records

REVENUE CAPACITY

WINFIELD TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED

Year Ended December 31,	Total Total Assessed Value	Less: Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2011	\$ 1,382,200	N/A	N/A	\$ 1,382,200	\$ 16,565,366	103.831
2010	1,382,200	N/A	N/A	1,382,200	16,566,111	101.798
2009	1,382,200	N/A	N/A	1,382,200	16,537,080	101.793
2008	1,382,200	N/A	N/A	1,382,200	16,568,773	105.400
2007	1,382,200	N/A	N/A	1,382,200	16,533,493	103.197
2006	1,382,200	N/A	N/A	1,382,200	16,537,013	103.197
2005	1,382,200	N/A	N/A	1,382,200	16,795,397	103.197
2004	1,382,200	N/A	N/A	1,382,200	15,796,571	93.189
2003	1,382,200	N/A	N/A	1,382,200	13,264,875	83.155
2002	1,382,200	N/A	N/A	1,382,200	12,363,148	74.028

Source: Municipal Tax Assessor

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

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

- a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b** Tax rates are per \$100

N/A At the time of CAFR completion, this data was not yet available

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

Year Ended December 31,	Winfield Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Winfield Township	Union County	
2011	103.831	N/A	103.831	92.579	4.930	201.340
2010	101.798	N/A	101.798	90.007	4.412	196.217
2009	101.793	N/A	101.793	85.093	4.042	190.928
2008	105.400	N/A	105.400	83.550	3.937	192.887
2007	103.197	N/A	103.197	67.249	4.683	175.129
2006	103.197	N/A	103.197	63.437	4.383	171.017
2005	103.197	N/A	103.197	63.437	4.383	171.017
2004	93.189	N/A	93.189	61.086	4.420	158.695
2003	83.155	N/A	83.155	56.121	4.612	143.888
2002	74.028	N/A	74.028	55.614	4.632	134.274

Source: Municipal Tax Collector

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

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

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND EIGHT YEARS AGO

Taxpayer	Taxed Assessed Value	
	2012	2004
Mutual Housing Corporation	\$ 1,382,200	\$ 1,382,200
Total	<u>\$ 1,382,200</u>	<u>\$ 1,382,200</u>

Source: Municipal Tax Assessor

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

Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 2,792,560	\$ 2,792,560	100.00%	N/A
2010	2,721,483	2,721,483	100.00%	N/A
2009	2,648,322	2,648,322	100.00%	N/A
2008	2,672,895	2,672,895	100.00%	N/A
2007	2,491,110	2,491,110	100.00%	N/A
2006	2,372,487	2,372,487	100.00%	N/A
2005	2,203,187	2,203,187	100.00%	N/A
2004	1,994,647	1,994,647	100.00%	N/A
2003	1,861,688	1,861,688	100.00%	N/A
2002	N/A	N/A	N/A	N/A

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

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

N/A At the time of CAFR completion, this data was not yet available

DEBT CAPACITY

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

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANS)		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Capital Leases	Capital Leases	Capital Leases					
2012	\$ -	\$ -	\$ 2,064	\$ -	\$ -	-	-	2,064	0.00%	\$ -	
2011	-	-	6,192	-	-	-	-	6,192	0.00%	-	
2010	-	-	10,320	-	-	-	-	10,320	0.00%	-	
2009	-	-	14,448	-	-	-	-	14,448	0.00%	-	
2008	-	-	18,576	-	-	-	-	18,576	0.00%	-	
2007	-	-	2,164	-	-	-	-	2,164	0.00%	-	
2006	-	-	5,411	-	-	-	-	5,411	0.00%	-	
2005	-	-	8,657	-	-	-	-	8,657	0.00%	-	
2004	-	-	11,902	-	-	-	-	11,902	0.00%	-	
2003	-	-	15,529	-	-	-	-	15,529	0.00%	-	

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

- a** See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^a
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ -	\$ -	\$ -	0.00%	\$ -
2011	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2003	-	-	-	0.00%	-

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

a See J-6 for property tax data.

b Population data can be found in J-14.

WINFIELD TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2012

<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			
Winfield Township	N/A	0.000%	N/A
Union County General Obligation Debt	N/A	0.000%	N/A
Other Debt			
Municipal Water Authority - Winfield Township District's Share	N/A	0.000%	<u>N/A</u>
Subtotal, Overlapping Debt			-
Winfield District Direct Debt			<u>N/A</u>
Total Direct and Overlapping Debt			<u><u>\$ -</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation.

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 Winfield. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, for each overlapping payment.

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

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST NINE FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2012	N/A
2011	N/A
2010	N/A
	\$ -
Average Equalized Valuation of Taxable Property	\$ -
Debt Limit (4% of Average Equalization Value)	- a
Total Net Debt Applicable To Limit	\$ -
Legal Debt Margin	\$ -

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$ -	\$ -	\$ -	\$ 220,447	\$ 444,385	\$ 434,560	\$ 611,425	\$ 414,246	\$ 379,142
Total Net Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ 220,447	\$ 444,385	\$ 434,560	\$ 611,425	\$ 414,246	\$ 379,142
Legal Debt Margin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total Net Debt Applicable to the Limit
 As a Percentage of Debt Limit

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2012	1,480	N/A	\$ N/A	15.60%
2011	1,445	N/A	N/A	15.69%
2010	1,445	N/A	N/A	N/A
2009	1,443	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A
2007	1,456	N/A	32,765	7.20%
2006	N/A	N/A	42,728	7.50%
2005	N/A	N/A	40,758	5.10%
2004	N/A	N/A	39,889	6.40%
2003	N/A	N/A	N/A	N/A

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR completion, this data was not yet available

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Company	N/A		N/A	N/A		N/A
Individual	N/A		N/A	N/A		N/A
	-		0.00%	-		0.00%

N/A At the time of CAFR completion, this data was not yet available

OPERATING INFORMATION

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:										
Regular	N/A									
Special Education	N/A									
Other Special Education	N/A									
Other Instruction	N/A									
Support Services:										
Tuition	N/A									
Student and Instruction Related Services	N/A									
General and Business Administration Services	N/A									
School Administrative Services	N/A									
Plant Operations and Maintenance	N/A									
Pupil Transportation	N/A									
Special Schools	N/A									
Food Service	N/A									
Total	-	-	-	-	-	-	-	-	-	-

Source: District Personnel Records

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2012	150.0	\$ 3,425,380	\$ 22,836	1.39%	21	7:1		150.0	142.8	6.40%	95.20%	
2011	141.0	3,175,170	22,519	0.26%	21	6:7		140.4	133.9	0.85%	95.37%	
2010	142.0	3,189,464	22,461	-19.22%	21	6:7		139.2	133.2	11.78%	95.69%	
2009	123.0	3,293,630	26,777	-3.60%	21	5:8		122.8	117.9	3.42%	96.01%	
2008	120.0	3,328,976	27,741	8.17%	21	5:6		118.6	112.7	-2.87%	95.03%	
2007	124.0	3,158,957	25,475	-5.25%	21	5:9		122.0	116.0	6.56%	95.08%	
2006	114.0	3,056,710	26,813	2.74%	21	5:9		114.0	112.0	0.88%	98.25%	
2005	113.0	2,946,937	26,079	18.32%	21	5:9		113.0	106.6	-14.16%	94.34%	
2004	129.0	2,747,907	21,302	6.46%	21	5:9		129.0	121.5	-3.88%	94.19%	
2003	134.0	2,670,092	19,926	11.66%	21	5:9		134.0	N/A	-9.70%	0.00%	

Sources: District records

Note: Enrollment based on annual October District count.

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

b Teaching staff includes only full-time equivalents of certified staff.

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

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
District Building										
<u>Elementary</u>										
Winfield School										
Square Feet	37,538	37,538	37,538	37,538	37,538	37,538	N/A	N/A	N/A	N/A
Capacity (students)	244	244	244	244	244	244	N/A	N/A	N/A	N/A
Enrollment	150	141	142	123	120	124	N/A	N/A	N/A	N/A
<u>Other</u>										
Name of Building (Year)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2012
 Elementary = 1

Source: District Facilities Office

Note: Increases in square footage and capacity are the result of and additions.
 Enrollment is based on the annual October District count.

N/A At the time of CAFR completion, this data was not yet available

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

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

* School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary School	N/A	\$ 77,394	\$ 69,086	\$ 92,143	\$ 71,135	\$ 65,247	\$ 57,326	\$ 54,172	\$ 56,764	\$ 46,362	\$ 44,138
Grand Total		\$ 77,394	\$ 69,086	\$ 92,143	\$ 71,135	\$ 65,247	\$ 57,326	\$ 54,172	\$ 56,764	\$ 46,362	\$ 44,138

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

Source: District records

WINFIELD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012

NEW JERSEY SCHOOL BOARDS ASSOCIATION INSURANCE GROUP

SCHOOL PROPERTY POLICY	COVERAGE	DEDUCTIBLE
Property - Blanket Building & Contents	\$ 6,547,653	\$ 1,000
Comprehensive General Liability	1,000,000	1,000
Comprehensive Auto Liability	1,000,000	N/A
Comprehensive Crime Coverage	25,000	500
Computers & Scheduled Equipment		
Data Processing Equipment	175,000	1,000
Other Perils		
Boiler and Machinery		
Property Damage	1,000,000	1,000
Umbrella Liability-		
Umbrella Policy	6,000,000	5,000
Errors & Omissions	2,000,000	1,000
School Board Legal Liability	100,000	5,000
Public Employees Faithful Performance		
Blanket:		
Position Bond-Treasurer	153,000	
Board Secretary	5,250	

Source: Borough of Winfield Board of Education

SINGLE AUDIT SECTION

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

Honorable President and
Members of the Board of Education
Winfield Township School District
County of Union
Winfield, New Jersey

We have audited the financial statements of the Winfield Township School District (School District), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

Our consideration of 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.

Compliance and Other Matters

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

This report is intended for the information and use of management, the audit committee, the Winfield Township School District Board of Education, 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 those specified parties.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

October 19, 2012

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

Honorable President and
Members of the Board of Education
Winfield Township School District
County of Union
Winfield, New Jersey

Compliance

We have audited the compliance of the Winfield Township School District (School District), in the County of Union, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2012. The School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards 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 state program occurred.

An audit includes examining, on a test basis, evidence about the School District'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 School District's compliance with those requirements.

In our opinion, the Winfield Township School District, in the County of Union, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

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

Our consideration of the 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. The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the audit committee, the Winfield Township School District Board of Education, the New Jersey State Department of Education, and 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.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

October 19, 2012

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

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2012	
				From	To						Accounts Receivable	Deferred Revenue
U.S. Department of Education												
General Fund:												
Education Jobs Fund	84-410A	ARRA	\$ 55,886	8/10/10	9/30/12	\$ -	\$ 55,886	\$ (55,886)	\$ -	\$ -	\$ -	\$ -
Total General Fund							55,886	(55,886)				
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title I Part A	84-010A	NCLB-5810-12	16,618	9/1/11	8/31/12							
Title I Part A - Carryover	84-010A	NCLB-5810-11	13,568	9/1/10	8/31/11	(4,438)	10,950	(18,191)			(7,241)	
ID.E.A. Part B Basic	84-027	IDEA-5810-12	39,654	9/1/11	8/31/12		4,438	(39,654)				
ID.E.A. Part B Preschool	84-173	IDEA-5810-12	1,148	9/1/11	8/31/12		39,654	(1,148)				
ID.E.A. Part B Preschool - Carryover	84-173	IDEA-5810-10	1,100	9/1/09	8/31/10	(1,100)	1,100					
Title II Part D - Carryover	84-316X	NCLB-5810-11	31	9/1/10	8/31/11	(31)	31					
Title II Part A	84-367A	NCLB-5810-12	7,502	9/1/11	8/31/12		7,502	(7,502)				
Title II Part A - Carryover	84-367A	NCLB-5810-11	7,847	9/1/10	8/31/11	(2,234)	2,234					
Total Special Revenue Fund						(7,803)	67,057	(66,495)			(7,241)	
U.S. Department of Agriculture												
Passed-through State Department of Education												
Enterprise Fund:												
Food Distribution Program	10-550	N/A	1,928	7/1/11	6/30/12		1,928	(1,928)				
School Breakfast Program	10-555	N/A	315	7/1/11	6/30/12		475	(315)			(40)	
National School Lunch Program	10-555	N/A	11,685	7/1/11	6/30/12		11,150	(11,686)			(536)	
Special Milk Program	10-556	N/A	251	7/1/11	6/30/12		236	(251)			(15)	
Total U.S. Department of Agriculture							13,789	(14,380)			(591)	
Total Federal Financial Assistance						(7,803)	136,732	(136,761)			(7,832)	

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

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

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Balance at June 30, 2011			Due to Grantor	Carryover/(Wekover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2012		Due to Grantor	Budgetary Receivable	MEMO
			From	To	Deferred Revenue (Accounts Receivable)	(Accounts Receivable)	Interfund Payable/Deferred Revenue										
State Department of Education																	
General Fund:																	
Equalization Aid	12-495-034-5120-078	\$ 1,264,879	7/1/11	6/30/12	\$ -	\$ -	\$ -	\$ -	\$ 1,138,391	\$ (1,264,879)	\$ -	\$ -	\$ (126,488)	\$ -	\$ -	\$ 126,488	\$ 1,264,879
Equalization Aid	11-495-034-5120-078	1,264,879	7/1/10	6/30/11	(126,494)				126,494				(8,892)			8,892	88,915
Special Education Aid	11-495-034-5120-089	88,915	7/1/11	6/30/12	(8,892)				8,892	(88,915)							
Special Education Aid	11-495-034-5120-089	88,915	7/1/10	6/30/11									(2,054)			2,054	20,538
Security Aid	12-495-034-5120-084	20,538	7/1/11	6/30/12	(2,054)				18,484	(20,538)							
Security Aid	11-495-034-5120-084	20,538	7/1/10	6/30/11					2,054				(4,258)			4,258	42,583
Adjustment Aid	12-495-034-5120-085	42,583	7/1/11	6/30/12	(4,613)				38,325	(42,583)							
Adjustment Aid	11-495-034-5120-085	42,583	7/1/10	6/30/11					4,613				(6,500)			6,500	65,000
School Choice Aid	12-495-034-5120-068	65,000	7/1/11	6/30/12	(6,118)				58,500	(61,172)						6,117	61,172
School Choice Aid	12-495-034-5120-068	65,000	7/1/10	6/30/11					55,055				(6,117)				
Transportation Aid	11-495-034-5120-014	61,172	7/1/11	6/30/12					6,118	(11,386)						11,386	11,386
Transportation Aid	11-495-034-5120-014	61,172	7/1/10	6/30/11									(11,386)				
Extraordinary Aid	12-100-034-5120-473	2,436	7/1/11	6/30/12						(2,436)						2,436	2,436
Extraordinary Aid	11-495-034-5120-473	2,436	7/1/10	6/30/11					3,480				(3,480)				
Non-Public Transportation Cost	N/A	3,480	7/1/10	6/30/11					148								148
Non-Public Transportation Cost	N/A	148	7/1/11	6/30/12						(148)							
Other State Aid Carryover	N/A	4,472	7/1/10	6/30/11					82,945				(4,472)				82,945
Other State Aid Carryover	N/A	82,945	7/1/11	6/30/12					41,262	(82,945)							41,262
Post-Retirement Medical Contributions	12-495-034-5095-001	41,262	7/1/11	6/30/12					99,114	(99,114)							99,114
On-Behalf TPAF Pension Contributions	12-495-034-5095-006	99,114	7/1/11	6/30/12													
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	99,114	7/1/11	6/30/12													
Total General Fund					(156,123)				1,768,370	(1,780,378)			(168,131)			168,131	1,780,378
State Department of Agriculture																	
Enterprise Fund:																	
State School Lunch Program	12-100-010-3350-023	494	7/1/11	6/30/12					470	(494)						24	494
State School Lunch Program													(24)				
Total Enterprise Fund									470	(494)			(24)			24	494
Total State Financial Assistance					\$ (156,123)				\$ 1,768,840	\$ (1,780,872)			\$ (168,155)			\$ 168,155	\$ 1,780,872

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2012**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Winfield Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2012**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,138) for the general fund and \$2,263 for the special revenue fund. See Note 1 [the Notes to Required Supplementary Information] for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 55,886	\$ 1,774,240	\$ 1,830,126
Special Revenue Fund	64,232	-	64,232
Food Service Fund	14,380	494	14,874
Total Awards & Financial Assistance	<u>\$ 134,498</u>	<u>\$ 1,774,734</u>	<u>\$ 1,909,232</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

Winfield Township School District has no loan balances outstanding at June 30, 2012.

NOTE 6. OTHER

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2012**

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The following funds by program are included in schoolwide programs in the district.

Program	Total
Title I, Part A: <i>Improving Basic Programs Operated by Local Education Agencies</i>	\$ 18,191
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>7,502</u>
Total	<u>\$ 25,693</u>

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unqualified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards Section – Not Applicable

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes	<u> X </u> No

Identification of major state programs:

GMIS Number(s)	Name of State Program
_____ 12-495-034-5120-078 _____	_____ Equalization Aid _____
_____	_____
_____	_____

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

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

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

*Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs*

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

STATUS OF PRIOR YEAR FINDINGS

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

Findings

There were no matters reported.