

READINGTON TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

READINGTON TOWNSHIP BOARD OF EDUCATION

READINGTON TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

READINGTON TOWNSHIP BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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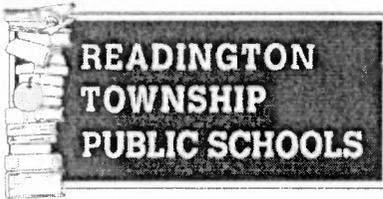
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INTRODUCTORY SECTION



www.readington.k12.nj.us

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

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October 11, 2013

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

Dear Board Members:

The comprehensive annual financial report of the Readington Township Public School District for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment in-district of 1867 students, which is 96 students below the previous year's enrollment. The following chart details the

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

Year	Enrollment in District	% Change
2002-2003	2,193	1.7%
2003-2004	2235	1.9%
2004-2005	2269	1.5%
2005-2006	2254	-0.7%
2006-2007	2241	0.6%
2007-2008	2191	-2.2%
2008-2009	2164	-1.2%
2009-2010	2105	-2.7%
2010-2011	2040	-3.1%
2011-2012	1963	-3.8%
2012-2013	1867	-4.9%

2. ECONOMIC CONDITION AND OUTLOOK:

The District has seen decreasing enrollments in prior years which may have been accelerated with the decline in the housing market and overall state of the economy. The declining enrollment trend is expected to continue as indicated by the district's most recent demographic report.

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

3. MAJOR INITIATIVES:

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

Grade Eight Proficiency Assessment

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	3.5
Proficient	77.0
Advanced Proficient	19.5
 <u>Mathematics</u>	
Partially Proficient	8.2
Proficient	44.4
Advanced Proficient	47.5
 <u>Science</u>	
Partially Proficient	5.1
Proficient	39.7
Advanced Proficient	55.3

Grade Seven NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	12.9
Proficient	57.1
Advanced Proficient	30.0
<u>Mathematics</u>	
Partially Proficient	20.4
Proficient	37.1
Advanced Proficient	42.5

Grade Six NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	14.8
Proficient	76.6
Advanced Proficient	8.6
<u>Mathematics</u>	
Partially Proficient	11.5
Proficient	39.8
Advanced Proficient	48.8

Grade Five NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	16.8
Proficient	72.0
Advanced Proficient	11.2
<u>Mathematics</u>	
Partially Proficient	4.7
Proficient	34.9
Advanced Proficient	60.5

Grade Five NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	16.8
Proficient	72.0
Advanced Proficient	11.2
<u>Mathematics</u>	
Partially Proficient	4.7
Proficient	34.9
Advanced Proficient	60.5

Grade Four NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	18.8
Proficient	68.3

Advanced Proficient	13.0
<u>Mathematics</u>	
Partially Proficient	3.8
Proficient	45.9
Advanced Proficient	50.2
<u>Science</u>	
Partially Proficient	1.0
Proficient	33.0
Advanced Proficient	66.0

Grade Three NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	
Partially Proficient	9.0
Proficient	81.9
Advanced Proficient	9.0
<u>Mathematics</u>	
Partially Proficient	4.3
Proficient	29.3
Advanced Proficient	66.5

Our Administrative Team began the year by reviewing test results and establishing school goals. All goals are based on core content standards and strategic plan initiatives. Through each school's common planning time, teachers will work together in reviewing student data and developing action plans. Throughout the year during faculty meetings and curriculum half-day sessions, the building goals are supported by the curriculum department, building-level teacher teams, and administrators. Each building focused training on improving writing instruction, instruction in reading comprehension, inquiry-based science instruction, and instruction in mathematics. District professional development focused on the implementation of differentiated instruction across the content areas. This included the use of data to inform instruction, the integration of technology, and infusion of 21st century skills. Training took place throughout the entire school year at district-wide staff development sessions and at building faculty meetings.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2013, \$8,365,000.00 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, with an additional partial refunding of \$5,415,000 in November, 2010. As of June 30, 2013, \$14,930,000.00 remained in principal to be paid, with the final payment to be made on June 30, 2027.

In addition, the District holds two bond issues, dating from 1993. The first was in the amount of \$116,000, with \$6,105.32 remaining in principal, and the final payment to be made on July 15, 2013. The second is a Small Projects Loan in the amount of \$348,000 which was refunded in 2004. The principal balance remaining is \$27,781.61, with the final payment to be made on July 15, 2013.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

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

10. RISK MANAGEMENT:

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

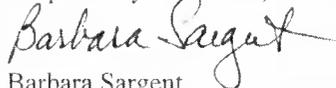
11. OTHER INFORMATION:

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

12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

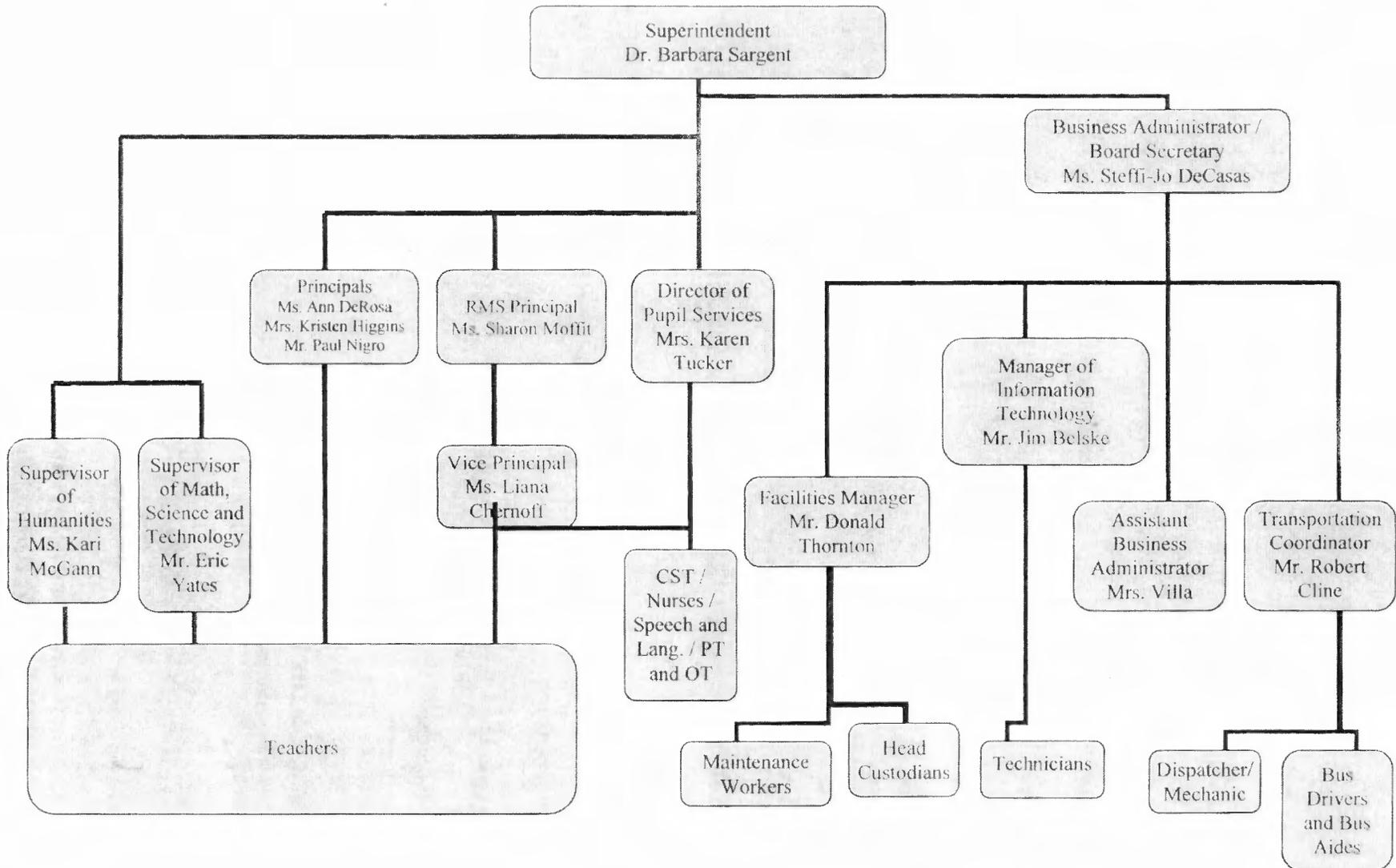


Barbara Sargent
Superintendent of Schools



Steffi-Jo De Casas
School Business Administrator/Board Secretary

Readington Township Public Schools
Organizational Chart 2012-2013



READINGTON TOWNSHIP BOARD OF EDUCATION
READINGTON TOWNSHIP, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2013

MEMBERS OF THE BOARD OF EDUCATION

		TERM EXPIRES
David Livingson	President	2015
Cheryl Filler	Vice President	2014
Barbara Dobozyński		2014
Wayne Doran		2015
Vincent Panico		2016
William Goodwin		2014
Ray Egbert		2014
Laura Simon		2014
Eric Zwerling		2016

OTHER OFFICIALS

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

READINGTON TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

SOLICITOR

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

OFFICIAL DEPOSITORY

Investors Bank
3563 US Highway 22 North
Whitehouse Station, NJ 08899

ARCHITECT

SSP Architectural Group
148 Westwood Avenue
Somerville, NJ 08876

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 11, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Readington Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

READINGTON TOWNSHIP PUBLIC SCHOOLS
READINGTON TOWNSHIP

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Unaudited

The Readington Township Public School (the "District") discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2013, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position increased \$448,747, which represents a 1.81 percent increase from fiscal year 2012.
- General revenues accounted for \$33,517,441, in revenue or 96.21 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,319,645 or 3.79 percent to total revenues of \$34,837,086.
- Total assets of governmental activities decreased by \$1,293,769 as cash and cash equivalents decreased by \$246,368, receivables increased by \$106,499 and capital assets decreased by \$1,153,900. The large decrease in total assets can be attributed in large part to the depreciation of capital assets of the district.
- The School District had \$34,415,848 in expenses; only \$1,319,645 of these expenses were offset by program specific charges for services, grant or contributions. General revenues (primarily property taxes) of \$33,517,441 were adequate to provide for these programs.
- Among major funds, the General Fund had \$31,373,096 in revenues and \$31,093,182 in expenditures. After accounting for other financing sources of \$27,509, the General Fund's balance increased \$307,423 over 2012. This increase was anticipated by the Board of Education and was the result effective of cost-cutting and efficiencies implemented by the District.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013. The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statement focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Table 1 provides a summary of the district's net position at 6/30/2013 with comparison to 6/30/2012.

**Table 1
Net Position**

	6/30/13	6/30/12	Variance	
			Dollars	%
Current & Other Assets	8,181,329	8,373,609	(192,280)	(2.30)
Capital Assets	42,273,262	43,424,909	(1,151,647)	(2.65)
Total Assets	<u>50,454,591</u>	<u>51,798,518</u>	<u>(1,343,927)</u>	<u>(2.59)</u>
Long-Term Liabilities	24,351,806	25,706,908	(1,355,102)	(5.27)
Other Liabilities	900,181	1,337,753	(437,572)	(32.71)
Total Liabilities	<u>25,251,987</u>	<u>27,044,661</u>	<u>(1,792,674)</u>	<u>(6.63)</u>
Net Position				
Net Investment in				
Capital Assets	18,946,375	18,867,236	79,139	0.42
Restricted	5,271,205	4,509,014	762,191	16.90
Unrestricted	985,024	1,377,607	(392,583)	(28.50)
Total Net Position	<u>25,202,604</u>	<u>24,753,857</u>	<u>448,747</u>	<u>1.81</u>

Total assets decreased by \$1,343,927. Cash and cash equivalents decreased by \$307,824, receivables increased by \$117,112, capital assets decreased by \$1,151,647, and other assets decreased by \$1,568. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$392,583. This decrease was anticipated by the Board of Education and was the result of the transfer of funds to legal reserves for future utilization of capital and maintenance projects.

Table 2 provides a summary of the district's changes in Net Position in fiscal year ending 6/30/2013 comparisons to 6/30/2012.

Table 2
Changes in Net Position

	6/30/13	6/30/12	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	680,872	723,656	(42,784)	(5.91)
Operating Grants	638,555	613,966	24,589	4.00
Capital Grants	-	43,716	(43,716)	(100.00)
General Revenues:				
Property Taxes	28,780,939	29,609,399	(828,460)	(2.80)
Unrestricted Grants	4,560,512	3,660,562	899,950	24.59
Other	175,990	170,716	5,274	3.09
Total Revenues	<u>34,836,868</u>	<u>34,822,015</u>	<u>14,853</u>	<u>0.04</u>
Program Expenses				
Instruction:				
Regular	13,434,484	12,797,258	637,226	4.98
Special	4,600,346	4,357,246	243,100	5.58
Other	1,530,033	1,601,272	(71,239)	(4.45)
Support Services:				
Tuition	614,482	495,464	119,018	24.02
Student & Instructional Staff	5,015,386	4,841,487	173,899	3.59
General & Business Administration	1,351,217	1,786,567	(435,350)	(24.37)
School Administration	1,725,208	1,654,804	70,404	4.25
Maintenance	2,450,613	2,360,481	90,132	3.82
Transportation	2,035,908	1,947,401	88,507	4.54
Food Service	613,691	657,727	(44,036)	(6.70)
Summer Programs	29,760	27,067	2,693	9.95
Interest on Long-Term Debt	1,014,502	1,047,243	(32,741)	(3.13)
Total Expenses	<u>34,415,630</u>	<u>33,574,017</u>	<u>841,613</u>	<u>2.51</u>
Increase (Decreases) Before Special Items	<u>421,238</u>	<u>1,247,998</u>	<u>(826,760)</u>	<u>(66.25)</u>
Special Items:				
Gain (Loss) on Disposal of Assets	2,061	17,254	(15,193)	(88.05)
Proceeds from Insurance Claim	25,448		25,448	*
Total Special Items	<u>27,509</u>	<u>17,254</u>	<u>10,255</u>	
Increase (Decrease) in Net Position	<u>448,747</u>	<u>1,265,252</u>	<u>(816,505)</u>	<u>(64.53)</u>

* = Undefined

Governmental Activities

The Readington Township Board of Education resolved on December 11, 2012 to move to a November annual election, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 84.05 percent of revenues for governmental activities for the Readington Township Public School District for fiscal year 2013.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 58 percent of district expenses. Support services expenses make up 39 percent of the expenses, and interest expense comprises 3 percent of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/2013 with comparisons to 6/30/2012.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/13	6/30/12	6/30/13	6/30/12
Instruction	19,564,863	18,755,776	19,411,685	18,542,471
Support Services:				
Tuition	614,482	495,464	205,805	186,502
Student & Instructional Staff	5,015,386	4,841,487	4,968,844	4,772,639
General & Business Administration	1,351,217	1,786,567	1,321,217	1,733,947
School Administration	1,725,208	1,654,804	1,725,208	1,652,079
Plant Operations & Maintenance	2,450,613	2,360,481	2,386,648	2,311,883
Pupil Transportation	2,035,908	1,947,401	2,010,748	1,926,373
Interest on Long-Term Debt	1,014,502	1,047,243	1,014,502	1,047,243
Total Expenses	<u>33,772,179</u>	<u>32,889,223</u>	<u>33,044,657</u>	<u>32,173,137</u>

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

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$34,110,648 and expenditures of \$33,866,566 and other financing sources of \$27,509. The net positive change in fund balance for the year was most significant in the General Fund, an increase of \$307,423. This was due mostly to effective cost cutting measures implemented by the District including its shared services and sustainability efforts.

General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2013, the School District amended its general fund budget as needed. The School District uses program based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management. For the General Fund, budgeted revenues were \$28,284,280, which was \$34,413 above original budgeted estimates of \$28,249,867. This difference was due primarily to realized tuition and miscellaneous revenues in excess of original budgets. The General Fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$325,952.

Capital Assets

At the end of fiscal year 2013 the District had \$42,273,262 invested in land, buildings, furniture, equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/2013 with comparisons to 6/30/2012.

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

	6/30/13	6/30/12	Variance	
			Dollars	%
Land	412,362	412,362	-	0.00
Construction in Progress	-	1,047,476	(1,047,476)	(100.00)
Land Improvements	730,536	630,819	99,717	15.81
Buildings & Improvements	40,098,200	40,045,966	52,234	0.13
Machinery & Equipment	503,716	553,829	(50,113)	(9.05)
Vehicles	528,448	734,457	(206,009)	(28.05)
Total	<u>42,273,262</u>	<u>43,424,909</u>	<u>(1,151,647)</u>	<u>(2.65)</u>

Depreciation expense and asset disposals in the current fiscal year exceeded new additions by \$1,151,647. Additions to capital assets resulted primarily from purchase of a mower, snow blower, and paving of the parking lot of Whitehouse School.

Table 5 provides a summary of the District's outstanding long-term liabilities at 6/30/2013 with comparisons to 6/30/2012.

Table 5
Long-Term Liabilities at Year-end

	6/30/13	6/30/12	Variance	
			Dollars	%
2002 General Obligation Bonds		710,000	(710,000)	(100.00)
2004 General Obligation Refunding Bonds	8,365,000	8,800,000	(435,000)	(4.94)
2006 General Obligation Refunding Bonds	9,650,000	9,680,000	(30,000)	(0.31)
2010 General Obligation Refunding Bonds	5,280,000	5,305,000	(25,000)	(0.47)
New Jersey Economic Development Auth.:				
Low Interest Loan	6,105	12,211	(6,106)	(50.00)
Small Projects Loan	25,782	50,462	(24,680)	(48.91)
Unamortized Bond Premium	484,570	548,937	(64,367)	(11.73)
Compensated Absences	540,349	600,298	(59,949)	(9.99)
	<u>24,351,806</u>	<u>25,706,908</u>	<u>(1,355,102)</u>	<u>(5.27)</u>

* = Undefined

At June 30, 2013, the School District had \$24,351,806 in long term liabilities. At June 30, 2013 the School District's overall legal debt limit was \$100,736,283 and the legal borrowing margin was \$77,469,396.

Economic Factors and Next Year's Budgets and Rates

The District continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed include reductions in staffing levels to reflect declining enrollments, expansion of shared services and optimizing efficient management procedures. The district implemented a new Five Year Strategic Plan this past fiscal year.

The Board of Education developed a budget that was under the state mandated 2% tax levy cap yet still included expansion of its Middle School World Language program and enhancement of literacy instruction throughout the district. The district continues to diligently pursue and maintain the fine balance between retaining quality teachers in a competitive teaching market, addressing the needs of students in a 21st Century School and meeting changes to the state's core curriculum standards. The district achieved this while facing continued declining enrollment and compliance with state and federal educational requirements along with increasing mandates and regulations promulgated by the state legislature and state department of education.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 2,188,848	\$ 224,527	\$ 2,413,375
Internal Balances	(18,674)	18,674	
Receivables, Net	1,070,021	6,436	1,076,457
Inventory		7,112	7,112
Restricted Assets:			
Cash & Cash Equivalents	4,684,385		4,684,385
Capital Assets (Note 4):			
Land and Construction in Progress	412,362		412,362
Other Capital Assets, Net of Depreciation	41,815,350	45,550	41,860,900
Total Assets	<u>50,152,292</u>	<u>302,299</u>	<u>50,454,591</u>
LIABILITIES			
Accounts Payable	346,085	12,882	358,967
Due to Other Funds	215		215
Accrued Interest	442,476		442,476
Payables to Governments	859		859
Deferred Revenue	54,696	42,968	97,664
Long-Term Liabilities:			
Due Within One Year	1,400,079		1,400,079
Due Beyond One Year	22,951,727		22,951,727
Total Liabilities	<u>25,196,137</u>	<u>55,850</u>	<u>25,251,987</u>
NET POSITION			
Net Investment in Capital Assets	18,900,825	45,550	18,946,375
Restricted for:			
Capital Projects	867,665		867,665
Debt Service	13,264		13,264
Legal Reserves	4,390,276		4,390,276
Unrestricted	784,125	200,899	985,024
TOTAL NET POSITION	<u>\$ 24,956,155</u>	<u>\$ 246,449</u>	<u>\$ 25,202,604</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 9,310,997	\$ 4,123,487	\$ 22,832	\$ 13,118		\$ (13,398,534)		\$ (13,398,534)
Special Education	3,117,999	1,482,347	50,263	37,248		(4,512,835)		(4,512,835)
Other Special Education	786,727	373,487		29,717		(1,130,497)		(1,130,497)
Other Instruction	264,517	105,302				(369,819)		(369,819)
Support Services:								
Tuition	614,482			408,677		(205,805)		(205,805)
Students & Instruction Related Services	3,492,668	1,522,718		46,542		(4,968,844)		(4,968,844)
General & Business Administration Services	1,021,127	330,090	30,000			(1,321,217)		(1,321,217)
School Administration Services	1,217,913	507,295				(1,725,208)		(1,725,208)
Plant Operations & Maintenance	2,236,267	214,346	63,965			(2,386,648)		(2,386,648)
Pupil Transportation	2,029,806	6,102	25,160			(2,010,748)		(2,010,748)
Interest on Long-Term Debt	1,014,502					(1,014,502)		(1,014,502)
Total Governmental Activities	25,107,005	8,665,174	192,220	535,302	\$ -	(33,044,657)	\$ -	(33,044,657)
Business-Type Activities:								
Food Service	613,691		461,034	103,253			(49,404)	(49,404)
Summer Programs	29,760		27,618				(2,142)	(2,142)
Total Business-Type Activities	643,451	-	488,652	103,253	-	-	(51,546)	(51,546)
Total Primary Government	\$ 25,750,456	\$ 8,665,174	\$ 680,872	\$ 638,555	\$ -	(33,044,657)	(51,546)	(33,096,203)
General Revenues and Special Items								
						26,586,701		26,586,701
						2,194,238		2,194,238
						4,560,512		4,560,512
						30,540	913	31,453
						144,537		144,537
						25,448		25,448
						2,061		2,061
						33,544,037	913	33,544,950
						499,380	(50,633)	448,747
						24,456,775	297,082	24,753,857
						\$ 24,956,155	\$ 246,449	\$ 25,202,604

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 2,175,584			\$ 13,264	\$ 2,188,848
Due from Other Funds	237,895				237,895
Receivables from Other Governments:					
State	173,827		\$ 573,556		747,383
Federal		\$ 284,777			284,777
Local	24,652				24,652
Other Receivables	8,159	5,050			13,209
Restricted Cash & Equivalents	4,390,276		294,109		4,684,385
TOTAL ASSETS	\$ 7,010,393	\$ 289,827	\$ 867,665	\$ 13,264	\$ 8,181,149
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 344,338	\$ 1,747			\$ 346,085
Due to Other Funds	19,010	237,774			256,784
Payables to Other Governments:					
State		859			859
Deferred Revenue	5,249	49,447			54,696
Total Liabilities	368,597	289,827	\$ -	\$ -	658,424
Fund Balances:					
Restricted for:					
Excess Surplus	693,541				693,541
Excess Surplus-Designated for Subsequent Year's Expenditures	702,390				702,390
Capital Projects			867,665		867,665

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

LIABILITIES AND FUND BALANCES (Cont'd)	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Committed to:					
Capital Reserve Account	\$ 3,806,381				\$ 3,806,381
Maintenance Reserve Account	378,299				378,299
Emergency Reserve Account	205,596				205,596
Assigned to:					
Year-End Encumbrances	372,039				372,039
Designated for Subsequent Year's Expenditures	36,715			\$ 13,243	49,958
Debt Service Fund-Undesignated				21	21
Unassigned Fund Balance	446,835				446,835
Total Fund Balances	<u>6,641,796</u>	<u>\$ -</u>	<u>\$ 867,665</u>	<u>13,264</u>	<u>7,522,725</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,010,393</u>	<u>\$ 289,827</u>	<u>\$ 867,665</u>	<u>\$ 13,264</u>	

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

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

\$ 59,640,935	
<u>17,413,223</u>	42,227,712

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

(24,351,806)

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

(442,476)

Net Position of Governmental Activities

\$ 24,956,155

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 26,586,701			\$ 2,194,238	\$ 28,780,939
Tuition Charges	70,290				70,290
Transportation Fees	3,976				3,976
Interest Earned on Legal Reserve Funds	10,163				10,163
Interest on Investments	20,377				20,377
Local Contributions	26,000				26,000
Miscellaneous	102,851	\$ 14,360		20	117,231
Total	26,820,358	14,360	\$ -	2,194,258	29,028,976
State Sources	4,552,738	1,924		7,774	4,562,436
Federal Sources		519,018			519,018
Total Revenues	31,373,096	535,302	-	2,202,032	34,110,430
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	9,248,836	13,118			9,261,954
Special Education Instruction	3,077,130	36,330			3,113,460
Other Special Instruction	757,010	29,717			786,727
Other Instruction	262,570				262,570
Support Service & Undistributed Costs:					
Tuition	205,805	408,677			614,482
Student & Instruction Related Services	3,451,729	46,542			3,498,271
General & Business Administrative Services	985,710				985,710
School Administrative Services	1,217,813				1,217,813
Plant Operations & Maintenance	2,178,294				2,178,294
Pupil Transportation	1,818,183				1,818,183
Unallocated Benefits	7,534,231	918			7,535,149

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 288,060		\$ 33,800		\$ 321,860
Debt Service:					
Principal				\$ 1,230,786	1,230,786
Interest & Other Charges	67,811			973,278	1,041,089
Total Expenditures	<u>31,093,182</u>	<u>\$ 535,302</u>	<u>33,800</u>	<u>2,204,064</u>	<u>33,866,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>279,914</u>	<u>-</u>	<u>(33,800)</u>	<u>(2,032)</u>	<u>244,082</u>
Other Financing Sources (Uses):					
Proceeds from Disposition of Capital Assets	2,061				2,061
Insurance Claim Proceeds for Flooding Damage	25,448				25,448
Total Other Financing Sources (Uses)	<u>27,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,509</u>
Net Change in Fund Balances	307,423	-	(33,800)	(2,032)	271,591
Fund Balances, July 1	<u>6,334,373</u>	<u>-</u>	<u>901,465</u>	<u>15,296</u>	<u>7,251,134</u>
Fund Balances, June 30	<u>\$ 6,641,796</u>	<u>\$ -</u>	<u>\$ 867,665</u>	<u>\$ 13,264</u>	<u>\$ 7,522,725</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ 271,591
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from the disposition of assets is an other financing source in the governmental funds, while only the gain or loss is reported in the statement of activities. The difference, which is the cost basis of the assets disposed, is a reduction in the reconciliation:</p>		
Capital Outlays	\$ 321,860	
Depreciation Expense	<u>(1,475,760)</u>	(1,153,900)
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and are not reported in the statement of activities:</p>		
Bond Principal Payments	1,200,000	
NJ EDA Loan Payments	<u>30,786</u>	1,230,786
<p>Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:</p>		
Amortization of Bond Premium		64,367
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		26,587
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		<u>59,949</u>
Change in Net Position of Governmental Activities		<u>\$ 499,380</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 196,902	\$ 15,365	\$ 12,260	\$ 224,527
Due from Other Funds	18,674			18,674
Receivables from Other Governments:				
State	669			669
Federal	5,767			5,767
Inventory	7,112			7,112
Total Current Assets	<u>229,124</u>	<u>15,365</u>	<u>12,260</u>	<u>256,749</u>
Noncurrent Assets:				
Capital Assets	151,333			151,333
Less: Accumulated Depreciation	105,783			105,783
Total Noncurrent Assets	<u>45,550</u>	<u>-</u>	<u>-</u>	<u>45,550</u>
Total Assets	<u>274,674</u>	<u>15,365</u>	<u>12,260</u>	<u>302,299</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	12,882			12,882
Deferred Revenues	20,798	15,020	7,150	42,968
Total Liabilities	<u>33,680</u>	<u>15,020</u>	<u>7,150</u>	<u>55,850</u>
NET POSITION				
Net Investment in Capital Assets	45,550			45,550
Unrestricted	<u>195,444</u>	<u>345</u>	<u>5,110</u>	<u>200,899</u>
Total Net Position	<u>\$ 240,994</u>	<u>\$ 345</u>	<u>\$ 5,110</u>	<u>\$ 246,449</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	\$ 231,973			\$ 231,973
Daily Sales-Nonreimbursable Programs	214,088			214,088
Management Company Guaranteed Profit Provision	14,973			14,973
Summer Program Fees		\$ 15,300	\$ 12,318	27,618
Total Operating Revenues	461,034	15,300	12,318	488,652
Operating Expenses:				
Costs of Sales	243,353			243,353
Salaries	240,600	16,225	10,400	267,225
Employee Benefits	51,632	1,355	535	53,522
Purchased Professional Services	2,000			2,000
Purchased Property Services	15,717			15,717
Insurance	3,026			3,026
Management Fee	10,903			10,903
Other Purchased Services	6,387			6,387
General Supplies	36,036	674	571	37,281
Depreciation	3,969			3,969
Miscellaneous	68			68
Total Operating Expenses	613,691	18,254	11,506	643,451
Operating Income (Loss)	(152,657)	(2,954)	812	(154,799)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	4,956			4,956
Federal Sources:				
National School Lunch Program	72,305			72,305
Food Donation Program	25,992			25,992
Interest	913			913
Total Nonoperating Revenues (Expenses)	104,166	-	-	104,166
Other Financing Sources (Uses):				
Transfers In (Out)	-	2,700	(2,700)	-
Change in Net Position	(48,491)	(254)	(1,888)	(50,633)
Net Position, Beginning	289,485	599	6,998	297,082
Net Position, Ending	\$ 240,994	\$ 345	\$ 5,110	\$ 246,449

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 446,928	\$ 20,395	\$ 8,321	\$ 475,644
Payments to Employees	(68,626)	(16,225)	(10,400)	(95,251)
Payments for Employee Benefits	(5,423)	(1,355)	(535)	(7,313)
Payments to Food Service Management Company	(470,478)			(470,478)
Payments to Vendors	(24,152)	(674)	(571)	(25,397)
Net Cash Provided by (Used for) Operating Activities	<u>(121,751)</u>	<u>2,141</u>	<u>(3,185)</u>	<u>(122,795)</u>
Cash Flows from Noncapital Financing Activities:				
State Sources	4,680			4,680
Federal Sources	71,546			71,546
General Fund Interfund Activity	(9,578)			(9,578)
Enterprise Fund Interfund Activity		2,700	(2,700)	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>66,648</u>	<u>2,700</u>	<u>(2,700)</u>	<u>66,648</u>
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Assets	(6,222)	-	-	(6,222)
Cash Flows from Investing Activities:				
Interest Earned on Investments	913	-	-	913
Net Increase (Decrease) in Cash and Cash Equivalents	(60,412)	4,841	(5,885)	(61,456)
Cash and Cash Equivalents, July 1	<u>257,314</u>	<u>10,524</u>	<u>18,145</u>	<u>285,983</u>
Cash and Cash Equivalents, June 30	<u>\$ 196,902</u>	<u>\$ 15,365</u>	<u>\$ 12,260</u>	<u>\$ 224,527</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (152,657)	\$ (2,954)	\$ 812	\$ (154,799)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	3,969			3,969
Federal Food Donation Program	25,992			25,992
(Increase) Decrease in Inventory	1,568			1,568
Increase (Decrease) in Accounts Payable	(765)			(765)
Increase (Decrease) in Deferred Revenue	142	5,095	(3,997)	1,240
Net Cash Provided by (Used for) Operating Activities	<u>\$ (121,751)</u>	<u>\$ 2,141</u>	<u>\$ (3,185)</u>	<u>\$ (122,795)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash & Cash Equivalents	\$ 55,069	\$ 234,223
Due from Other Funds		336
TOTAL ASSETS	<u>\$ 55,069</u>	<u>\$ 234,559</u>
LIABILITIES		
Due to Other Funds	\$ 121	
Due to Student Groups	54,948	
Accumulated Interest		\$ 2
Payroll Deductions & Withholdings		<u>234,557</u>
TOTAL LIABILITIES	<u>\$ 55,069</u>	<u>\$ 234,559</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Basic Financial Statements Include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2013 of 1,867 students.

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

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

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

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

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

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

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

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

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

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

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

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

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

Fiduciary Fund Types

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if required, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

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

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2012-2013 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

J. Capital Assets

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

K. Compensated Absences

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

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

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

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

L. Deferred Revenue

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

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

M. Long-Term Obligations

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative Data/Reclassifications

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

P. Allocation of Indirect Expenses

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

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

Deposits and investments at June 30, 2013 appear in the financial statements as summarized below:

Cash		<u>\$ 7,387,052</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 6,873,233
Enterprise Fund, Statement of Net Position	B-4	224,527
Fiduciary Funds, Statement of Net Position	B-7	<u>289,292</u>
 Total Cash & Investments		 <u>\$ 7,387,052</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2013 is \$7,387,052 and the bank balance is \$7,706,579. Of the bank balance, \$250,000 is covered by federal depository insurance and \$7,456,579 is insured by GUDPA.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

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

1. Custodial credit risk disclosures are required for:

- deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
- Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

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

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2013, the district had no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 412,362			\$ 412,362
Construction in Progress	1,047,476	\$ 196,641	\$ 1,244,117	
Total	<u>1,459,838</u>	<u>196,641</u>	<u>1,244,117</u>	<u>412,362</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows: (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 1,896,878	\$ 163,816		\$ 2,060,694
Building & Improvements	51,499,160	1,080,301		52,579,461
Furniture & Equipment	2,233,476	125,219		2,358,695
Buses & Other Vehicles	2,336,607		\$ 106,884	2,229,723
Total	<u>57,966,121</u>	<u>1,369,336</u>	<u>106,884</u>	<u>59,228,573</u>
Accumulated Depreciation:				
Land Improvements	1,266,059	64,099		1,330,158
Building & Improvements	11,453,194	1,028,067		12,481,261
Furniture & Equipment	1,722,944	177,585		1,900,529
Buses & Other Vehicles	1,602,150	206,009	106,884	1,701,275
Total	<u>16,044,347</u>	<u>1,475,760</u>	<u>106,884</u>	<u>17,413,223</u>
Total Capital Assets, Being Depreciated, Net	<u>41,921,774</u>	<u>(106,424)</u>	<u>-0-</u>	<u>41,815,350</u>
Transfers	<u>-0-</u>	<u>(1,244,117)</u>	<u>(1,244,117)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,381,612</u>	<u>\$ (1,153,900)</u>	<u>\$ -0-</u>	<u>\$ 42,227,712</u>
Business-Type Activities:				
Furniture & Equipment	\$ 145,111	\$ 6,222		\$ 151,333
Less: Accum Depreciation	<u>101,814</u>	<u>3,969</u>		<u>105,783</u>
Business-Type Activities Capital Assets, Net	<u>\$ 43,297</u>	<u>\$ 2,253</u>	<u>\$ -0-</u>	<u>\$ 45,550</u>

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

Instruction:	
Regular	\$ 618,938
Special Education	197,055
Other Special Instruction	48,646
Co-curricular Activities	18,183
Support Services:	
Student & Instruction	217,757
General & Business Admin	66,367
School Administration	75,402
Plant & Maintenance	42,973
Pupil Transportation	<u>190,439</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,475,760</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 24,495,000		\$ 1,200,000	\$ 23,295,000	\$ 1,275,782
EDA Loans Payable	62,673		30,786	31,887	6,105
Unamortized Bond Premiums	548,937		64,367	484,570	64,367
Compensated Absences Payable	<u>600,298</u>	\$ 13,253	<u>73,202</u>	<u>540,349</u>	<u>53,825</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 25,706,908</u>	<u>\$ 13,253</u>	<u>\$ 1,368,355</u>	<u>\$ 24,351,806</u>	<u>\$ 1,400,079</u>

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

The annual requirements to amortize all general obligation bonds and EDA loans outstanding as of June 30, 2013 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,281,887	\$ 921,521	\$ 2,203,408
2015	1,290,000	882,288	2,172,288
2016	1,345,000	840,513	2,185,513
2017	1,390,000	794,927	2,184,927
2018	1,450,000	736,953	2,186,953
2019-2023	8,415,000	2,699,937	11,114,937
2024-2027	<u>8,155,000</u>	<u>794,940</u>	<u>8,949,940</u>
Total	<u>\$ 23,326,887</u>	<u>\$ 7,671,079</u>	<u>\$ 30,997,966</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

General Obligation Bonds – General obligation school building bonds payable at June 30, 2013, with their outstanding balances are comprised of the following individual issues:

\$5,415,000 – 2010 general obligation refunding bonds due in annual installments of \$20,000 to \$935,000 beginning January 15, 2011, Through July 15, 2019, interest from 1.625% to 5.00%	\$ 5,280,000
\$10,000,000 – 2006 general obligation refunding bonds, due in annual installments of \$25,000 to \$1,355,000 beginning January 15, 2008, through July 15, 2026 interest at 4.00%	9,650,000
\$10,640,000 – 2004 general obligation refunding bonds, due in annual installments of \$155,000 to \$780,000, beginning Jan 1, 2008, through Jan 1, 2027, interest from 3.00% to 5.00%	8,365,000
\$348,000 – 1993 NJ Economic Development Authority small project loan, due in annual installments of \$13,429 to \$25,782. beginning July 15, 1995, through July 15, 2013, interest at 5.288%	25,782
\$116,000 – 1993 NJ Economic Development Authority safe pro-program low interest loan, due in annual installments of \$6,105, beginning July 15, 1995, through July 15, 2013, interest at 1.50%	<u>6,105</u>
	<u>\$ 23,326,887</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2013 is \$100,736,283. General obligation debt at June 30, 2013 is \$23,326,887. This results in a legal borrowing margin of \$77,409,396

NOTE 6. PENSION PLANS

Description of Systems

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation

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

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

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

Contribution Requirements

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/13	\$ 2,006,071	100%
06/30/12	1,359,062	100%
06/30/11	982,446	100%

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/13	\$ 343,867	100%
06/30/12	459,728	100%
06/30/11	430,105	100%

During the year ended June 30, 2013, the State of New Jersey contributed \$1,064,584 to the TPAF for post-retirement medical benefits and \$47,059 for the non-contributory premiums, and \$894,428 for normal pension costs and accrued liability on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,075,274 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after reaching age 60 and accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Ch 126 benefits for 16,618 eligible retired members.

READINGTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf

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

NOTE 8. DEFERRED COMPENSATION

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances at June 30, 2013 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 237,895	\$ 19,010
Special Revenue Fund		237,774
Payroll Agency	336	
Food Service Fund	18,674	
Student Activity Fund		121
	<u>\$ 256,905</u>	<u>\$ 256,905</u>

The balance due from the Special Revenue Fund to the General Fund of \$237,774 represents a loan from the General Fund due to cash flow issues related to the delayed receipt of grant revenues.

The balance due from the General Fund to the Payroll Agency Fund of \$2,814 represents an administrative fee assessed in the Flex Spending Payroll Agency Fund to be reimbursed from the General Fund budget. The balance due from the General Fund to the Food Service Fund of \$18,674 represents lunch aid received in the General Fund but not yet disbursed to the Food Service Enterprise Fund as of June 30, 2013.

The balance due from the Payroll Agency Fund to the General Fund of \$2,478 represents payroll withholdings for mentoring stipends due to the General Fund.

The balance due from the Student Activity Agency Fund to the General Fund of \$121 represents transportation invoices paid in the General Fund on behalf of the Student Activity Agency Fund which is due at fiscal year end.

All interfund balances are to be liquidated within one year.

NOTE 10. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 4,021
Supplies	<u>3,091</u>
	<u>\$ 7,112</u>

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

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

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

NOTE 13. LEGAL RESERVE ACCOUNTS

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

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

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District transferred \$900,000 to their Capital Reserve and \$100,000 to their Maintenance Reserve account by board resolution in June 2013.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 13. LEGAL RESERVE ACCOUNTS (Cont'd)

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

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Local Funding	With-drawal	Ending Balance
Capital	\$ 3,059,789	\$ 900,000	\$ 9,432	\$ 87,160	\$ 250,000	\$ 3,806,381
Emergency	204,865		731			205,596
Maintenance	327,599	100,000		45,700	95,000	378,299
Totals	<u>\$ 3,592,253</u>	<u>\$ 1,000,000</u>	<u>\$ 10,163</u>	<u>\$ 132,860</u>	<u>\$ 345,000</u>	<u>\$ 4,390,276</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 exceeded the balance in the capital reserve account.

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2013 and 2012 is as follows:

	2013	2012
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 702,390	\$ 693,541
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	693,541	649,045
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	3,806,381	3,059,789
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	378,299	327,599
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	205,596	204,865
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	372,039	638,927
Designated for Subsequent User's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	36,715	314,774
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>573,099</u>	<u>553,568</u>
Total Fund Balance	<u>\$ 6,768,060</u>	<u>\$ 6,442,108</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2005, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$702,390.

NOTE 16: SUBSEQUENT EVENTS

In October 2013, the District will issue \$7,800,000 in refunding school bonds. These bonds were authorized by a board of education approved refunding bond ordinance on May 14, 2013 which provided for the refunding of all or a portion of the callable portion of the \$10,640,000 issue dated October 1, 2004. The callable portion refunded includes the bonds maturing on January 1, 2015 and annually thereafter through January 1, 2027 and total \$7,910,000.

The District has evaluated subsequent events through October 11, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

READINGTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No.70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2013, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 65, debt issuance costs are now recognized as an expense in the period incurred. The following is a summary of the District's restatement of net position as of June 30, 2012:

	Governmental Activities
Net Position, June 30, 2012 as Originally Stated	\$ 24,717,726
Less:	
Expensing of Bond Issuance Costs in Prior Periods	(260,951)
Net Position, June 30, 2012 as Restated	<u>\$ 24,456,775</u>

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 26,586,701		\$ 26,586,701	\$ 26,586,701	
Tuition from Individuals	21,000		21,000	20,027	\$ (973)
Tuition from Other LEAs Within the State	22,866		22,866	50,263	27,397
Transportation Fees from Individuals	2,700		2,700	3,976	1,276
Interest Earned on Capital Reserve Funds				9,432	9,432
Interest Earned on Emergency Reserve Funds				731	731
Interest on Investments	12,000		12,000	20,377	8,377
Building Use Rental Income	40,000		40,000	48,701	8,701
Unrestricted Miscellaneous Revenues	45,000		45,000	54,150	9,150
Total	26,730,267	\$ -	26,730,267	26,794,358	64,091
State Sources:					
Categorical Special Education Aid	1,119,931		1,119,931	1,119,931	
Categorical Security Aid	66,315		66,315	66,315	
Categorical Transportation Aid	183,354		183,354	183,354	
Extraordinary Aid	150,000		150,000	106,431	(43,569)
Nonpublic Transportation Aid				13,891	13,891
On-Behalf TPAF Pension Contribution				941,487	941,487
On-Behalf TPAF Post Retirement Medical Benefits				1,064,584	1,064,584
Reimbursed TPAF Social Security Contribution				1,075,274	1,075,274
Total	1,519,600	-	1,519,600	4,571,267	3,051,667
TOTAL REVENUES	\$ 28,249,867	\$ -	\$ 28,249,867	\$ 31,365,625	\$ 3,115,758
EXPENDITURES					
Current:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 258,930	\$ (288)	\$ 258,642	\$ 258,408	\$ 234
Grades 1-5	4,345,931	12,130	4,358,061	4,323,512	34,549
Grades 6-8	3,561,257	15,115	3,576,372	3,540,020	36,352
Regular Programs-Home Instruction:					
Salaries of Teachers		4,380	4,380	4,380	
Purchased Professional-Educational Services	17,000	(4,380)	12,620	2,425	10,195
Other Purchased Services	274		274	113	161
General Supplies	250		250		250
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	83,737	(375)	83,362	81,075	2,287
Purchased Professional-Educational Services	1,050		1,050	850	200
Other Purchased Services	138,612	(1,500)	137,112	58,201	78,911
General Supplies	836,151	36,610	872,761	844,212	28,549
Textbooks	147,198	(4,764)	142,434	134,498	7,936
Other Objects	1,580		1,580	1,142	438
Total	9,391,970	56,928	9,448,898	9,248,836	200,062
Special Education-Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	170,686	59,630	230,316	230,316	
Other Salaries for Instruction	53,826	36,347	90,173	82,663	7,510
Other Purchased Services	500	(172)	328	150	178
General Supplies	2,300	(450)	1,850	1,675	175
Other Objects		600	600		600
Total	227,312	95,955	323,267	314,804	8,463

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,027,243	\$ (56,273)	\$ 1,970,970	\$ 1,970,807	\$ 163
Other Salaries for Instruction	419,996	43,794	463,790	463,790	
General Supplies	18,350	171	18,521	18,079	442
Textbooks	650	(18)	632	560	72
Total	2,466,239	(12,326)	2,453,913	2,453,236	677
Autism:					
Salaries of Teachers	54,520	(40,565)	13,955	330	13,625
Other Salaries for Instruction	1,500	(1,000)	500		500
Total	56,020	(41,565)	14,455	330	14,125
Preschool Disabilities-Part Time:					
Salaries of Teachers	193,381	44,260	237,641	237,373	268
Other Salaries for Instruction	108,376	(32,037)	76,339	69,482	6,857
General Supplies	2,150	454	2,604	1,905	699
Total	303,907	12,677	316,584	308,760	7,824
Total Special Education-Instruction	3,053,478	54,741	3,108,219	3,077,130	31,089
Basic Skills/Remedial:					
Salaries of Teachers	789,544	(57,746)	731,798	719,771	12,027
General Supplies	2,184		2,184	1,948	236
Total	791,728	(57,746)	733,982	721,719	12,263
Bilingual Education:					
Salaries of Teachers	64,452	(24,244)	40,208	33,735	6,473
Other Purchased Services	1,511	(600)	911	383	528
General Supplies	400	2,201	2,601	1,173	1,428
Textbooks		2,272	2,272		2,272
Total	66,363	(20,371)	45,992	35,291	10,701
School Sponsored Co/Extra Curricular Activities:					
Salaries	107,089	7,845	114,934	99,813	15,121
Purchased Services	4,215	(4,215)			
Supplies & Materials	14,623	(3,958)	10,665	5,456	5,209
Other Objects	1,600	328	1,928	1,518	410
Total	127,527	-	127,527	106,787	20,740
School Sponsored Athletics:					
Salaries	138,900		138,900	132,174	6,726
Purchased Services	16,909	(1,175)	15,734	15,183	551
Supplies & Materials	1,000	6,485	7,485	6,755	730
Other Objects	9,485	(5,485)	4,000	1,671	2,329
Total	166,294	(175)	166,119	155,783	10,336
Total Instruction	\$ 13,597,360	\$ 33,377	\$ 13,630,737	\$ 13,345,546	\$ 285,191
Undistributed Expenditures:					
Instruction-Tuition:					
Other LEAs Within the State-Regular		\$ 10,637	\$ 10,637	\$ 6,382	\$ 4,255
Private School for Disabled Within the State	\$ 302,257	(8,538)	293,719	199,423	94,296
Total	302,257	2,099	304,356	205,805	98,551

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Health Services:					
Salaries	\$ 250,268	\$ 28,790	\$ 279,058	\$ 278,237	\$ 821
Purchased Professional & Technical Services	4,374		4,374	3,907	467
Other Purchased Services	1,000	(75)	925	887	38
Supplies & Materials	19,090	17,167	36,257	17,981	18,276
Other Objects	500	(160)	340	340	
Total	275,232	45,722	320,954	301,352	19,602
Speech, Occupational Therapy, Physical Therapy and Related Services:					
Salaries	518,528	(20,325)	498,203	497,071	1,132
Purchased Professional-Educational Services	123,444	2,124	125,568	93,776	31,792
Supplies & Materials	4,000	2,539	6,539	4,426	2,113
Total	645,972	(15,662)	630,310	595,273	35,037
Other Support Services-Students-Extraordinary:					
Salaries	189,802	176	189,978	188,203	1,775
Purchased Professional-Educational Services	6,500	(323)	6,177		6,177
Total	196,302	(147)	196,155	188,203	7,952
Guidance:					
Salaries of Other Professional Staff	498,829	(1,193)	497,636	497,222	414
Salaries of Secretarial & Clerical Assistants	39,149	571	39,720	39,720	
Purchased Professional-Educational Services	1,400		1,400		1,400
Other Purchased Services	1,200	(89)	1,111	375	736
Supplies & Materials	24,673	(2,871)	21,802	21,396	406
Total	565,251	(3,582)	561,669	558,713	2,956
Child Study Team:					
Salaries of Other Professional Staff	757,806	(109,549)	648,257	625,368	22,889
Salaries of Secretarial & Clerical Assistants	139,404	(16,764)	122,640	122,640	
Other Salaries	2,000		2,000	1,200	800
Other Purchased Professional & Technical Services	55,201	(3,995)	51,206	31,221	19,985
Miscellaneous Purchased Services	37,796	(1,512)	36,284	26,755	9,529
Supplies & Materials	13,870	(2,269)	11,601	11,025	576
Total	1,006,077	(134,089)	871,988	818,209	53,779
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	210,994	5,850	216,844	200,488	16,356
Salaries of Secretarial & Clerical Assistants	24,450	120	24,570	24,569	1
Other Purchased Services	15,537	335	15,872	14,968	904
Supplies & Materials	1,875	15,238	17,113	16,961	152
Other Objects	4,830	(469)	4,361	4,361	
Total	257,686	21,074	278,760	261,347	17,413
Educational Media Services/School Library:					
Salaries	421,458	10,304	431,762	412,970	18,792
Salaries of Technology Coordinators	64,866	(8,616)	56,250	56,250	
Purchased Professional & Technical Services	101,282	(79,756)	21,526	20,902	624
Other Purchased Services	5,627	59,839	65,466	63,925	1,541
Supplies & Materials	43,492	(20,885)	22,607	15,894	6,713
Other Objects	23,080	(23,080)			
Total	659,805	(62,194)	597,611	569,941	27,670

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 95,852	\$ 8,034	\$ 103,886	\$ 73,468	\$ 30,418
Salaries of Secretarial & Clerical Assistants	24,450	120	24,570	24,569	1
Purchased Professional-Educational Services	26,000	(26,000)			
Other Purchased Services	24,400	9,641	34,041	26,377	7,664
Supplies & Materials	9,312	1,679	10,991	10,904	87
Total	180,014	(6,526)	173,488	135,318	38,170
Support Services General Administration:					
Salaries	230,942	297	231,239	223,026	8,213
Legal Services	81,287	15,000	96,287	42,667	53,620
Audit Fees	30,000	4,000	34,000	29,150	4,850
Architectural/Engineering Services	5,000	5,000	10,000	2,436	7,564
Other Purchased Professional Services	18,000	10,000	28,000	22,225	5,775
Purchased Technical Services	210	4,250	4,460	210	4,250
Communications & Telephone	147,255		147,255	100,062	47,193
Board of Education Other Purchased Services	3,200	3,000	6,200	4,734	1,466
Other Purchased Services	130,549	(20,041)	110,508	88,127	22,381
General Supplies	5,596		5,596	4,731	865
Board of Education In-House Train/Meeting Supplies	1,250		1,250	515	735
Miscellaneous Expenditures	3,509	(859)	2,650	2,139	511
Board of Education Membership Dues and Fees	17,430		17,430	17,261	169
Total	674,228	20,647	694,875	537,283	157,592
Support Services School Administration:					
Salaries of Principals/Assistant Principals	589,389	166,276	755,665	754,988	677
Salaries of Secretarial & Clerical Assistants	375,316	699	376,015	375,219	796
Purchased Professional & Technical Services	32,400	(18,670)	13,730	7,130	6,600
Other Purchased Services	21,550	29,897	51,447	41,235	10,212
Supplies & Materials	38,827		38,827	28,335	10,492
Other Objects	15,170	(250)	14,920	8,831	6,089
Total	1,072,652	177,952	1,250,604	1,215,738	34,866
Central Services:					
Salaries	419,510	(298)	419,212	386,983	32,229
Purchased Professional Services	3,200	3,000	6,200	900	5,300
Purchased Technical Service	13,650	1,983	15,633	13,133	2,500
Miscellaneous Purchased Services	7,000	2,017	9,017	8,171	846
Supplies & Materials	8,900		8,900	6,526	2,374
Miscellaneous Expenditures	2,355	52	2,407	2,407	
Total	454,615	6,754	461,369	418,120	43,249
Administrative Information Technology:					
Salaries	100,526	(38,991)	61,535	29,531	32,004
Other Purchased Services	4,000	(1,000)	3,000	776	2,224
Other Objects	1,200		1,200		1,200
Total	105,726	(39,991)	65,735	30,307	35,428
Required Maintenance for School Facilities:					
Salaries	313,725	34,549	348,274	330,943	17,331
Cleaning Repair & Maintenance Services	219,372	77,500	296,872	236,303	60,569
General Supplies	94,104		94,104	52,741	41,363
Other Objects		1,375	1,375	1,158	217
Total	627,201	113,424	740,625	621,145	119,480

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 175,337	\$ (24,371)	\$ 150,966	\$ 149,702	\$ 1,264
Purchased Professional & Technical Services	32,450	24,150	56,600	51,627	4,973
Cleaning Repair & Maintenance Services	395,331	93,861	489,192	459,396	29,796
Other Purchased Property Services	20,956		20,956	20,459	497
Insurance	32,000	(7,976)	24,024	24,023	1
General Supplies	156,767	(3,637)	153,130	89,861	63,269
Energy (Natural Gas)	248,450	(3,562)	244,888	172,851	72,037
Energy (Electricity)	771,307	(153,950)	617,357	427,191	190,166
Other Objects	3,000		3,000	1,279	1,721
Total	1,835,598	(75,485)	1,760,113	1,396,389	363,724
Care & Upkeep of Grounds:					
Salaries	111,490	(15,000)	96,490	73,715	22,775
Cleaning, Repair, and Maintenance Services	54,389	1,963	56,352	50,739	5,613
General Supplies	20,358	14,668	35,026	27,086	7,940
Total	186,237	1,631	187,868	151,540	36,328
Security:					
Purchased Professional & Technical Services	8,500	6,000	14,500	7,608	6,892
Cleaning, Repair, and Maintenance Services		8,650	8,650	1,612	7,038
Total	8,500	14,650	23,150	9,220	13,930
Student Transportation Services:					
Salaries of Noninstructional Aides	7,571	2,734	10,305	10,304	1
Salaries-Pupil Transportation (Between Home & School)-Regular	575,939	(13,984)	561,955	560,633	1,322
Salaries-Pupil Transportation (Between Home & School)-Special Education	130,859	9,285	140,144	139,446	698
Salaries-Pupil Transportation (Other Than Between Home & School)	24,808	(127)	24,681	14,763	9,918
Management Fee-ESC Transportation Program	5,865	3,128	8,993	8,337	656
Other Purchased Professional & Technical Services	81,840	(1,054)	80,786	78,103	2,683
Cleaning Repair & Maintenance Services	26,780	(6,550)	20,230	14,267	5,963
Contracted Services (Aid in Lieu of Payments-Choice School Students)	2,652	(1,752)	900		900
Contracted Services (Between Home & School)-Joint Agreements	54,741	8,093	62,834	53,806	9,028
Contracted Services (Reg. Students)-ESCs & CTSA's		11,549	11,549	11,549	
Contracted Services (Special Education Students)-ESCs & CTSA's	121,258	19,020	140,278	140,278	
Miscellaneous Purchased Services-Transportation	37,279	(940)	36,339	33,071	3,268
General Supplies	2,560		2,560	881	1,679
Transportation Supplies	306,653	10,277	316,930	276,678	40,252
Other Objects	150		150	150	
Total	1,378,955	39,679	1,418,634	1,342,266	76,368
Allocated Benefits-Student Transportation Services:					
Social Security Contributions	62,000		62,000	55,627	6,373
Other Retirement Contributions-PERS	113,015	(40,782)	72,233	72,233	
Other Retirement Contributions-Regular		1,800	1,800	1,526	274
Unemployment Compensation	5,500		5,500	5,092	408
Workmen's Compensation	36,220	(1,913)	34,307	34,307	
Health Benefits	295,957	9,652	305,609	304,632	977
Other Employee Benefits	2,500		2,500	2,500	
Total	515,192	(31,243)	483,949	475,917	8,032

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	\$ 325,000		\$ 325,000	\$ 271,979	\$ 53,021
Other Retirement Contributions-PERS	398,120	\$ (126,435)	271,685	271,685	
Other Retirement Contributions-Regular		7,100	7,100	6,708	392
Unemployment Compensation	67,000		67,000	64,366	2,634
Workmen's Compensation	143,000		143,000	137,227	5,773
Health Benefits	4,077,308	(204,297)	3,873,011	3,530,446	342,565
Tuition Reimbursement	88,014	(16,774)	71,240	40,889	30,351
Other Employee Benefits	88,500	43,024	131,524	129,586	1,938
Total	<u>5,186,942</u>	<u>(297,382)</u>	<u>4,889,560</u>	<u>4,452,886</u>	<u>436,674</u>
Total Employee Benefits	<u>5,702,134</u>	<u>(328,625)</u>	<u>5,373,509</u>	<u>4,928,803</u>	<u>444,706</u>
On-Behalf TPAF Pension Contributions				941,487	(941,487)
On-Behalf TPAF Post Retirement Medical Benefits				1,064,584	(1,064,584)
Reimbursed TPAF Social Security Contributions				1,075,274	(1,075,274)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,081,345</u>	<u>(3,081,345)</u>
Total Undistributed Expenditures	<u>\$ 16,134,442</u>	<u>\$ (222,669)</u>	<u>\$ 15,911,773</u>	<u>\$ 17,366,317</u>	<u>\$ (1,454,544)</u>
TOTAL CURRENT	<u>\$ 29,731,802</u>	<u>\$ (189,292)</u>	<u>\$ 29,542,510</u>	<u>\$ 30,711,863</u>	<u>\$ (1,169,353)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 33,000	\$ 10,996	\$ 43,996	\$ 29,794	\$ 14,202
Care and Upkeep of Grounds	20,000	49,425	69,425	69,425	
School Buses-Regular		174,408	174,408		174,408
Total	<u>53,000</u>	<u>234,829</u>	<u>287,829</u>	<u>99,219</u>	<u>188,610</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		22,284	22,284	22,284	
Construction Services		154,758	154,758	140,557	14,201
NJ SDA Debt Service Assessment	67,811		67,811	67,811	
Total	<u>67,811</u>	<u>177,042</u>	<u>244,853</u>	<u>230,652</u>	<u>14,201</u>
TOTAL CAPITAL OUTLAY	<u>\$ 120,811</u>	<u>\$ 411,871</u>	<u>\$ 532,682</u>	<u>\$ 329,871</u>	<u>\$ 202,811</u>
TOTAL EXPENDITURES	<u>\$ 29,852,613</u>	<u>\$ 222,579</u>	<u>\$ 30,075,192</u>	<u>\$ 31,041,734</u>	<u>\$ (966,542)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,602,746)</u>	<u>\$ (222,579)</u>	<u>\$ (1,825,325)</u>	<u>\$ 323,891</u>	<u>\$ 2,149,216</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Assets				2,061	2,061
Transfer Out-Capital Reserve Fund to Capital Projects Fund	(250,000)	250,000			
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>	<u>2,061</u>	<u>2,061</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,852,746)</u>	<u>27,421</u>	<u>(1,825,325)</u>	<u>325,952</u>	<u>2,151,277</u>
Fund Balances, July 1	<u>6,442,108</u>		<u>6,442,108</u>	<u>6,442,108</u>	
Fund Balances, June 30	<u>\$ 4,589,362</u>	<u>\$ 27,421</u>	<u>\$ 4,616,783</u>	<u>\$ 6,768,060</u>	<u>\$ 2,151,277</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Adjustment for Prior Year Encumbrances	\$ (638,927)		\$ (638,927)	\$ (638,927)	
Increase in Capital Reserve		\$ 909,432	909,432	909,432	
Increase in Maintenance Reserve		100,000	100,000	100,000	
Increase in Emergency Reserve		731	731	731	
Withdrawals from Maintenance Reserve		(49,300)	(49,300)	(49,300)	
Withdrawals from Capital Reserve	(250,000)	87,160	(162,840)	(162,840)	
Budgeted Fund Balance	<u>(963,819)</u>	<u>(1,020,602)</u>	<u>(1,984,421)</u>	<u>166,856</u>	<u>\$ 2,151,277</u>
TOTAL	<u>\$ (1,852,746)</u>	<u>\$ 27,421</u>	<u>\$ (1,825,325)</u>	<u>\$ 325,952</u>	<u>\$ 2,151,277</u>

RECAPITULATION OF FUND BALANCE	Actual
Restricted Fund Balance:	
Excess Surplus:	
Prior Year-Designated for 2013-2014 Budget	\$ 693,541
Current Year-Designated for 2014-2015 Budget	702,390
Committed Fund Balance:	
Capital Reserve	3,806,381
Maintenance Reserve	378,299
Emergency Reserve	205,596
Assigned Fund Balance:	
Year-End Encumbrances	372,039
Designated for Subsequent Year's Expenditures	36,715
Unassigned Fund Balance	<u>573,099</u>
	6,768,060
Reconciliation to Governmental Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	<u>(126,264)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 6,641,796</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Not Applicable to this Report)

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 10,057		\$ 10,057	\$ 9,350	\$ (707)
State Sources	3,001		3,001	1,924	(1,077)
Federal Sources	566,125		566,125	540,697	(25,428)
TOTAL REVENUES	\$ 579,183	\$ -	\$ 579,183	\$ 551,971	\$ (27,212)
EXPENDITURES					
Instruction:					
Salaries	\$ 34,700	\$ 4,740	\$ 39,440	\$ 38,919	\$ 521
Purchased Professional & Technical Services	3,589		3,589	3,371	218
Other Purchased Services	425,903		425,903	409,678	16,225
General Supplies	46,042	4,900	50,942	46,103	4,839
Textbooks	159		159		159
Other Objects	1,486	(232)	1,254	1,254	
Totals	511,879	9,408	521,287	499,325	21,962
Support Services:					
Salaries	10,500		10,500	5,250	5,250
Personal Services Employee Benefits	4,918	310	5,228	5,228	
Purchased Professional & Technical Services	9,293	(3,165)	6,128	6,128	
Other Purchased Services	30,392	(4,263)	26,129	26,129	
Supplies & Materials	10,001	(90)	9,911	9,911	
Total	65,104	(7,208)	57,896	52,646	5,250
Facilities Acquisition & Construction Services:					
Non Instructional Equipment	2,200	(2,200)	-	-	-
TOTAL EXPENDITURES	\$ 579,183	\$ -	\$ 579,183	\$ 551,971	\$ 27,212

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

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

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 31,365,625	\$ 551,971
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		6,644
Outstanding Encumbrances Current Year		(23,313)
Donations of capital assets were not recorded for budgetary purposes, but treated as a revenue for GAAP purposes	26,000	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	107,735	
State Aid Receivable Current Year	(126,264)	
Total Revenues (GAAP Basis)	\$ 31,373,096	\$ 535,302
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 31,041,734	\$ 551,971
Capital assets donated were not recorded for budgetary purposes, but treated as an expenditure for GAAP purposes	26,000	
Insurance claim recovery for flooding damage costs incurred is treated as "Other Financing Sources" and increases expenditures for GAAP purposes	25,448	
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		6,644
Outstanding Encumbrances Current Year		(23,313)
Total Expenditures (GAAP Basis)	\$ 31,093,182	\$ 535,302

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	NCLB Title I	NCLB Title IIA	NCLB Title III Immigrant	IDEA Basic	IDEA Preschool	NJ Non Public	Local Grants	Totals
REVENUES								
Local Sources							\$ 9,350	\$ 9,350
State Sources						\$ 1,924		1,924
Federal Sources	\$ 40,330	\$ 25,756	\$ 1,703	\$ 458,180	\$ 14,728			540,697
TOTAL REVENUES	\$ 40,330	\$ 25,756	\$ 1,703	\$ 458,180	\$ 14,728	\$ 1,924	\$ 9,350	\$ 551,971
EXPENDITURES								
Instruction:								
Salaries	\$ 19,690			\$ 7,171	\$ 12,000		\$ 58	\$ 38,919
Purchased Professional & Technical Services	2,027					\$ 923	421	3,371
Other Purchased Services				408,677		1,001		409,678
General Supplies	8,000	\$ 1,108	\$ 1,703	29,545	1,362		4,385	46,103
Other Objects				768			486	1,254
Totals	<u>29,717</u>	<u>1,108</u>	<u>1,703</u>	<u>446,161</u>	<u>13,362</u>	<u>1,924</u>	<u>5,350</u>	<u>499,325</u>
Support Services:								
Salaries				5,250				5,250
Personal Services-Employee Benefits	4,310				918			5,228
Purchased Professional & Technical Services	2,709	350		2,621	448			6,128
Other Purchased Services	3,594	16,171		2,364			4,000	26,129
Supplies & Materials		8,127		1,784				9,911
Total	<u>10,613</u>	<u>24,648</u>	<u>-</u>	<u>12,019</u>	<u>1,366</u>	<u>-</u>	<u>4,000</u>	<u>52,646</u>
TOTAL EXPENDITURES	\$ 40,330	\$ 25,756	\$ 1,703	\$ 458,180	\$ 14,728	\$ 1,924	\$ 9,350	\$ 551,971

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/13
			Prior Years	Current Year	
ROD 1-HVAC Upgrades	04/30/09	\$ 780,436	\$ 353,590		\$ 426,846
ROD 1-Boiler Replacements	04/30/09	1,521,120	1,046,501	\$ 33,800	440,819
		<u>\$ 2,301,556</u>	<u>\$ 1,400,091</u>	<u>\$ 33,800</u>	<u>\$ 867,665</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Expenditures and Other Financing Uses:	
Construction Services	\$ 33,800
Change in Fund Balance	(33,800)
Fund Balance-Beginning	901,465
Fund Balance-Ending	\$ 867,665
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 867,665
Fund Balance-GAAP Basis (Schedule B-1)	\$ 867,665

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROD 1 PROJECT-HVAC UPGRADES AT THREE BRIDGES AND WHITEHOUSE
ELEMENTARY AND READINGTON MIDDLE SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Additional Project Information

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

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROD 1 PROJECT-BOILER REPLACEMENT AT WHITEHOUSE
ELEMENTARY AND READINGTON MIDDLE SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,089,000		\$ 1,089,000	\$ 1,089,000
State Sources-SDA Grant	432,120		432,120	432,120
Total Revenues	<u>1,521,120</u>	<u>\$ -</u>	<u>1,521,120</u>	<u>1,521,120</u>
Expenditures and Other Financing Uses:				
Legal Services	6,038		6,038	14,688
Purchased Professional & Technical Services	169,562		169,562	225,982
Construction Services	870,901	33,800	904,701	1,280,450
Total Expenditures	<u>1,046,501</u>	<u>33,800</u>	<u>1,080,301</u>	<u>1,521,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 474,619</u>	<u>\$ (33,800)</u>	<u>\$ 440,819</u>	<u>\$ -</u>

Additional Project Information

Project Number	4350-050-09-1002
Project Number	4350-070-09-1005
Grant Date	04/30/09
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,521,120
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,521,120
Percentage Completion	71%

PROPRIETARY FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2013

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 196,902	\$ 15,365	\$ 12,260	\$ 224,527
Due from Other Funds	18,674			18,674
Receivables from Other Governments:				
State	669			669
Federal	5,767			5,767
Inventory	7,112			7,112
Total Current Assets	<u>229,124</u>	<u>15,365</u>	<u>12,260</u>	<u>256,749</u>
Noncurrent Assets:				
Capital Assets	151,333			151,333
Less: Accumulated Depreciation	105,783			105,783
Total Noncurrent Assets	<u>45,550</u>	<u>-</u>	<u>-</u>	<u>45,550</u>
Total Assets	<u>274,674</u>	<u>15,365</u>	<u>12,260</u>	<u>302,299</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	12,882			12,882
Deferred Revenues	20,798	15,020	7,150	42,968
Total Liabilities	<u>33,680</u>	<u>15,020</u>	<u>7,150</u>	<u>55,850</u>
NET POSITION				
Net Investment in Capital Assets	45,550			45,550
Unrestricted	195,444	345	5,110	200,899
TOTAL NET POSITION	<u>\$ 240,994</u>	<u>\$ 345</u>	<u>\$ 5,110</u>	<u>\$ 246,449</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	\$ 231,973			\$ 231,973
Daily Sales-Nonreimbursable Programs	214,088			214,088
Management Company Guaranteed Profit Provision	14,973			14,973
Summer Program Fees		\$ 15,300	\$ 12,318	27,618
Total Operating Revenues	461,034	15,300	12,318	488,652
Operating Expenses:				
Costs of Sales	243,353			243,353
Salaries	240,600	16,225	10,400	267,225
Employee Benefits	51,632	1,355	535	53,522
Purchased Professional Services	2,000			2,000
Purchased Property Services	15,717			15,717
Insurance	3,026			3,026
Management Fee	10,903			10,903
Other Purchased Services	6,387			6,387
General Supplies	36,036	674	571	37,281
Depreciation	3,969			3,969
Miscellaneous	68			68
Total Operating Expenses	613,691	18,254	11,506	643,451
Operating Income (Loss)	(152,657)	(2,954)	812	(154,799)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	4,956			4,956
Federal Sources:				
National School Lunch Program	72,305			72,305
Food Donation Program	25,992			25,992
Interest	913			913
Total Non-operating Revenues (Expenses)	104,166	-	-	104,166
Other Financing Sources (Uses):				
Transfers In (Out)	-	2,700	(2,700)	-
Change in Net Position	(48,491)	(254)	(1,888)	(50,633)
Net Position, Beginning	289,485	599	6,998	297,082
Net Position, Ending	\$ 240,994	\$ 345	\$ 5,110	\$ 246,449

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 446,928	\$ 20,395	\$ 8,321	\$ 475,644
Payments to Employees	(68,626)	(16,225)	(10,400)	(95,251)
Payments for Employee Benefits	(5,423)	(1,355)	(535)	(7,313)
Payments to Food Service Management Company	(470,478)			(470,478)
Payments to Vendors	(24,152)	(674)	(571)	(25,397)
Net Cash Provided by (Used for) Operating Activities	<u>(121,751)</u>	<u>2,141</u>	<u>(3,185)</u>	<u>(122,795)</u>
Cash Flows from Noncapital Financing Activities:				
State Sources	4,680			4,680
Federal Sources	71,546			71,546
General Fund Interfund Activity	(9,578)			(9,578)
Enterprise Fund Interfund Activity		2,700	(2,700)	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>66,648</u>	<u>2,700</u>	<u>(2,700)</u>	<u>66,648</u>
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Assets	(6,222)	-	-	(6,222)
Cash Flows from Investing Activities:				
Interest Earned on Investments	913	-	-	913
Net Increase (Decrease) in Cash and Cash Equivalents	(60,412)	4,841	(5,885)	(61,456)
Cash and Cash Equivalents, July 1	<u>257,314</u>	<u>10,524</u>	<u>18,145</u>	<u>285,983</u>
Cash and Cash Equivalents, June 30	<u>\$ 196,902</u>	<u>\$ 15,365</u>	<u>\$ 12,260</u>	<u>\$ 224,527</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (152,657)	\$ (2,954)	\$ 812	\$ (154,799)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	3,969			3,969
Federal Food Donation Program	25,992			25,992
(Increase) Decrease in Inventory	1,568			1,568
Increase (Decrease) in Accounts Payable	(765)			(765)
Increase (Decrease) in Deferred Revenue	142	5,095	(3,997)	1,240
Net Cash Provided by (Used for) Operating Activities	<u>\$ (121,751)</u>	<u>\$ 2,141</u>	<u>\$ (3,185)</u>	<u>\$ (122,795)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS			
Cash & Cash Equivalents	\$ 55,069	\$ 234,223	\$ 289,292
Due from Other Funds		336	336
TOTAL ASSETS	\$ 55,069	\$ 234,559	\$ 289,628
LIABILITIES			
Due to Other Funds	\$ 121		\$ 121
Due to Student Groups	54,948		54,948
Accumulated Interest		\$ 2	2
Payroll Deductions & Withholdings		234,557	234,557
TOTAL LIABILITIES	\$ 55,069	\$ 234,559	\$ 289,628

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

READINGTON TOWNSHIP SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash & Cash Equivalents	\$ 66,714	\$ 148,930	\$ 160,575	\$ 55,069
Due from Other Funds	5,049		5,049	
TOTAL ASSETS	<u>\$ 71,763</u>	<u>\$ 148,930</u>	<u>\$ 165,624</u>	<u>\$ 55,069</u>
LIABILITIES				
Accounts Payable	\$ 1,625	\$ 121	\$ 1,625	\$ 121
Due to Student Groups:				
Holland Brook School	20,594	42,788	48,306	15,076
Readington Middle School	13,526	83,812	78,199	19,139
Three Bridges School	17,037	9,018	15,902	10,153
Whitehouse School	18,981	13,191	21,592	10,580
TOTAL LIABILITIES	<u>\$ 71,763</u>	<u>\$ 148,930</u>	<u>\$ 165,624</u>	<u>\$ 55,069</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash & Cash Equivalents	\$ 257,875	\$ 20,784,538	\$ 20,808,190	\$ 234,223
Due from Other Funds	1,992	5,010	6,666	336
TOTAL ASSETS	<u>\$ 259,867</u>	<u>\$ 20,789,548</u>	<u>\$ 20,814,856</u>	<u>\$ 234,559</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 259,852	\$ 8,547,059	\$ 8,572,369	\$ 234,542
Accumulated Interest	2			2
Net Payroll	13	12,242,489	12,242,487	15
TOTAL LIABILITIES	<u>\$ 259,867</u>	<u>\$ 20,789,548</u>	<u>\$ 20,814,856</u>	<u>\$ 234,559</u>

LONG-TERM DEBT SCHEDULES

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

READINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
			Date	Amount					
NJ EDA Low Interest Loan	08/18/93	\$ 116,000	07/15/13	\$ 6,105	1.50%	\$ 12,211		\$ 6,106	\$ 6,105
NJ EDA Small Projects Loan	08/18/93	348,000	07/15/13	25,782	5.29%	50,462		24,680	25,782
School Bonds of 2002	07/01/02	20,346,000				710,000		710,000	
Refunding School Bonds of 2004	10/01/04	10,640,000	01/01/14	455,000	3.375%	8,800,000			
			01/01/15	470,000	3.500%				
			01/01/16	490,000	3.650%				
			01/01/17	505,000	5.000%				
			01/01/18	530,000	5.000%				
			01/01/19	555,000	4.000%				
			01/01/20	575,000					
			01/01/21	600,000	4.125%				
			01/01/22	625,000	4.250%				
			01/01/23	650,000	4.200%				
			01/01/24	680,000	4.300%				
			01/01/25	710,000	5.000%				
			01/01/26	740,000					
			01/01/27	780,000					
						8,800,000		435,000	8,365,000

READINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
			Date	Amount					
Refunding School Bonds of 2006	12/14/06	\$ 10,000,000	07/15/13-		4.00%	\$ 9,680,000		\$ 30,000	\$ 9,650,000
			07/15/14	\$ 30,000					
			07/15/15-						
			07/15/17	35,000					
			07/15/18	40,000					
			07/15/19	780,000					
			07/15/20	1,095,000					
			07/15/21	1,135,000					
			07/15/22	1,190,000					
			07/15/23	1,240,000					
			07/15/24	1,295,000					
			07/15/25	1,355,000					
			07/15/26	1,355,000					
Refunding School Bonds of 2010	11/24/10	5,415,000	07/15/13	765,000	3.00%	5,305,000		25,000	5,280,000
			07/15/14	790,000	1.625%				
					3.00%				
			07/15/15	820,000	3.00%				
					4.00%				
			07/15/16	850,000	3.00%				
			07/15/17	885,000	4.00%				
					4.50%				
			07/15/18	935,000	4.00%				
		5.00%							
07/15/19	235,000	3.50%							
Totals						\$ 24,557,673	\$ -	\$ 1,230,786	\$ 23,326,887

READINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

READINGTON TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,194,238		\$ 2,194,238	\$ 2,194,238	
Miscellaneous				20	\$ 20
State Sources:					
Debt Service Aid State Support	7,774		7,774	7,774	
Total Revenues	<u>2,202,012</u>	<u>\$ -</u>	<u>2,202,012</u>	<u>2,202,032</u>	<u>20</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds & NJ EDA Loans	973,279		973,279	973,278	1
Redemption of Principal-Bonds & NJ EDA Loans	1,230,786		1,230,786	1,230,786	
Total Expenditures	<u>2,204,065</u>	<u>-</u>	<u>2,204,065</u>	<u>2,204,064</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,053)</u>	<u>-</u>	<u>(2,053)</u>	<u>(2,032)</u>	<u>21</u>
Fund Balance, July 1	<u>15,296</u>	<u>-</u>	<u>15,296</u>	<u>15,296</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 13,243</u>	<u>\$ -</u>	<u>\$ 13,243</u>	<u>\$ 13,264</u>	<u>\$ 21</u>
Recapitulation of Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses:					
Budgeted Fund Balance	<u>\$ (2,053)</u>	<u>\$ -</u>	<u>\$ (2,053)</u>	<u>\$ (2,032)</u>	<u>\$ 21</u>

STATISTICAL SECTION

READINGTON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
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.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
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.	J-14 to J-15
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.	J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 6,585,389	\$ 12,773,094	\$ 14,030,277	\$ 14,039,908	\$ 15,381,288	\$ 18,148,935	\$ 18,354,636	\$ 19,168,645	\$ 18,823,939	\$ 18,900,825
Restricted	869,921	444,699	1,123,465	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014	5,271,205
Unrestricted	2,090,144	1,807,823	930,872	3,314,361	1,126,691	1,415,899	965,065	725,876	1,123,822	784,125
TOTAL GOVERNMENTAL ACTIVITIES										
NET POSITION	<u>\$ 9,545,454</u>	<u>\$ 15,025,616</u>	<u>\$ 16,084,614</u>	<u>\$ 19,286,318</u>	<u>\$ 20,829,488</u>	<u>\$ 22,444,411</u>	<u>\$ 22,949,937</u>	<u>\$ 23,174,157</u>	<u>\$ 24,456,775</u>	<u>\$ 24,956,155</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 45,925	\$ 41,999	\$ 35,764	\$ 29,571	\$ 23,378	\$ 29,764	\$ 37,872	\$ 30,263	\$ 43,297	\$ 45,550
Unrestricted	169,522	170,420	201,694	234,823	263,393	284,554	252,121	284,185	253,785	200,899
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 215,447</u>	<u>\$ 212,419</u>	<u>\$ 237,458</u>	<u>\$ 264,394</u>	<u>\$ 286,771</u>	<u>\$ 314,318</u>	<u>\$ 289,993</u>	<u>\$ 314,448</u>	<u>\$ 297,082</u>	<u>\$ 246,449</u>
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 6,631,314	\$ 12,815,093	\$ 14,066,041	\$ 14,069,479	\$ 15,404,666	\$ 18,178,699	\$ 18,392,508	\$ 19,198,908	\$ 18,867,236	\$ 18,946,375
Restricted	869,921	444,699	1,123,465	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014	5,271,205
Unrestricted	2,259,666	1,978,243	1,132,566	3,549,184	1,390,084	1,700,453	1,217,186	1,010,061	1,377,607	985,024
TOTAL DISTRICT-WIDE	<u>\$ 9,760,901</u>	<u>\$ 15,238,035</u>	<u>\$ 16,322,072</u>	<u>\$ 19,550,712</u>	<u>\$ 21,116,259</u>	<u>\$ 22,758,729</u>	<u>\$ 23,239,930</u>	<u>\$ 23,488,605</u>	<u>\$ 24,753,857</u>	<u>\$ 25,202,604</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 11,285,100	\$ 12,848,806	\$ 12,923,094	\$ 13,675,467	\$ 13,510,602	\$ 13,190,998	\$ 13,370,985	\$ 12,978,633	\$ 12,797,258	\$ 13,434,484
Special Education	2,479,694	2,739,974	3,281,165	3,234,525	3,834,363	3,869,467	3,990,987	4,256,991	4,357,246	4,600,346
Other Special Education	56,691	60,200	1,135,955	708,048	822,782	1,068,158	1,138,559	1,218,113	1,233,805	1,160,214
Other Instruction	172,665	176,689	245,359	201,116	243,486	300,984	288,351	307,976	367,467	369,819
Support Services:										
Tuition	548,075	601,488	596,012	689,358	794,673	533,058	553,980	724,867	495,464	614,482
Student & Instruction Related Services	3,558,949	3,634,831	3,813,832	4,225,803	4,629,712	4,817,680	5,135,703	4,595,912	4,841,487	5,015,386
General & Business Administrative Services	1,123,367	1,311,967	1,382,099	1,773,338	1,709,839	1,690,800	1,731,386	1,714,006	1,786,567	1,351,217
School Administration	1,569,663	1,466,720	1,613,554	1,583,155	1,611,821	1,544,345	1,694,551	1,635,008	1,654,804	1,725,208
Plant Operations & Maintenance	2,035,937	2,456,776	2,795,990	2,917,148	3,045,023	3,134,763	3,201,640	2,492,943	2,360,481	2,450,613
Pupil Transportation	1,857,902	1,990,520	1,876,084	1,945,539	2,364,779	2,413,981	2,163,025	2,124,628	1,947,401	2,035,908
Special Schools							16,072			
Transfer to Charter Schools		16,448	8,305	17,563						
Interest on Long Term Debt	1,488,263	1,242,299	1,351,924	1,100,234	1,233,751	1,222,922	1,147,982	1,062,815	1,047,243	1,014,502
Total Governmental Activities Expenses	<u>26,176,306</u>	<u>28,546,718</u>	<u>31,023,373</u>	<u>32,071,294</u>	<u>33,800,831</u>	<u>33,787,156</u>	<u>34,433,221</u>	<u>33,111,892</u>	<u>32,889,223</u>	<u>33,772,179</u>
Business-Type Activities:										
Food Services	528,399	573,101	596,617	654,574	652,762	661,060	686,536	649,107	657,727	613,691
Summer Programs					35,590	30,352	24,341	21,617	27,067	29,760
Total Business-Type Activities	<u>528,399</u>	<u>573,101</u>	<u>596,617</u>	<u>654,574</u>	<u>688,352</u>	<u>691,412</u>	<u>710,877</u>	<u>670,724</u>	<u>684,794</u>	<u>643,451</u>
TOTAL DISTRICT EXPENSES	<u>\$ 26,704,705</u>	<u>\$ 29,119,819</u>	<u>\$ 31,619,990</u>	<u>\$ 32,725,868</u>	<u>\$ 34,489,183</u>	<u>\$ 34,478,568</u>	<u>\$ 35,144,098</u>	<u>\$ 33,782,616</u>	<u>\$ 33,574,017</u>	<u>\$ 34,415,630</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 1,715	\$ 1,656	\$ 264		\$ 13,983	\$ 13,782	\$ 23,050	\$ 21,257	\$ 30,187	\$ 22,832
Special Education Instruction									22,418	50,263
Other Instruction	4,691									
Student & Instructional Related Services	160	182	84		398	157	474	40		
General & Business Administrative Services		3,650	27	\$ 9	41	4,656	2,851	50,000	50,000	30,000
Plant Operations & Maintenance	55,342	15,915	50,283	77,373	57,963	52,317	56,113	52,756	48,598	63,965
Pupil Transportation	39,145	29,669	30,048	19,561	23,775	28,920	33,197	5,985	21,028	25,160
Operating Grants & Contributions	224,011	723,059	199,829	542,850	802,395	544,617	703,907	681,329	500,139	535,302
Capital Grants & Contributions	806,120	5,904,644	767,539			230,036	263,681	265,594	43,716	
Total Governmental Activities Program Revenues	1,131,184	6,678,775	1,048,074	639,793	898,555	874,485	1,083,273	1,076,961	716,086	727,522
Business-Type Activities:										
Charges for Services:										
Food Service	487,895	481,057	523,850	585,096	568,271	581,848	555,039	563,547	527,490	461,034
Summer Programs					40,042	33,350	24,650	21,220	23,935	27,618
Operating Grants & Contributions	73,142	88,140	97,330	96,414	99,913	96,710	105,648	109,288	113,827	103,253
Total Business-Type Activities Program Revenues	561,037	569,197	621,180	681,510	708,226	711,908	685,337	694,055	665,252	591,905
TOTAL DISTRICT-PROGRAM REVENUES	\$ 1,692,221	\$ 7,247,972	\$ 1,669,254	\$ 1,321,303	\$ 1,606,781	\$ 1,586,393	\$ 1,768,610	\$ 1,771,016	\$ 1,381,338	\$ 1,319,427
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (25,045,122)	\$ (21,867,943)	\$ (29,975,299)	\$ (31,431,501)	\$ (32,902,276)	\$ (32,912,671)	\$ (33,349,948)	\$ (32,034,931)	\$ (32,173,137)	\$ (33,044,657)
Business-Type Activities	32,638	(3,904)	24,563	26,936	19,874	20,496	(25,540)	23,331	(19,542)	(51,546)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (25,012,484)	\$ (21,871,847)	\$ (29,950,736)	\$ (31,404,565)	\$ (32,882,402)	\$ (32,892,175)	\$ (33,375,488)	\$ (32,011,600)	\$ (32,192,679)	\$ (33,096,203)

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES & OTHER										
CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 20,654,917	\$ 22,462,985	\$ 24,785,591	\$ 27,923,891	\$ 27,023,340	\$ 28,085,596	\$ 27,038,539	\$ 27,703,081	\$ 27,426,050	\$ 26,586,701
Property Taxes Levied for Debt Service	2,682,826	2,193,345	2,108,750	2,112,486	2,000,212	2,103,521	2,118,903	1,889,894	2,183,349	2,194,238
Unrestricted Grants & Contributions	3,531,721	3,623,971	3,901,630	4,857,784	5,092,380	4,219,457	4,617,847	2,995,051	3,660,562	4,560,512
Tuition Received	32,153									
Investment Earnings	192,058	172,609	204,263	257,320	258,834	86,279	28,904	25,829	51,050	30,540
Miscellaneous Income	11,656	92,754	24,063	25,032	72,558	26,253	30,116	89,905	117,490	144,537
Special Item-Proceeds from Insurance Claim										25,448
Special Item-Prior Period Adjustment		(280,061)								
Special Item-Payment to Refunding Bond Agent		(918,748)		(546,679)				(444,609)		
Special Item-Gain (Loss) on Disposition of Assets	2,675	1,250	10,000	3,371	(1,878)	6,488	21,165		17,254	2,061
Total Governmental Activities	27,108,006	27,348,105	31,034,297	34,633,205	34,445,446	34,527,594	33,855,474	32,259,151	33,455,755	33,544,037
Business-Type Activities:										
Investment Earnings					2,503	2,384	1,102	1,045	2,176	913
Miscellaneous Income		876	476			4,667	113	79		
Total Business-Type Activities	-	876	476	-	2,503	7,051	1,215	1,124	2,176	913
TOTAL DISTRICT-WIDE	\$ 27,108,006	\$ 27,348,981	\$ 31,034,773	\$ 34,633,205	\$ 34,447,949	\$ 34,534,645	\$ 33,856,689	\$ 32,260,275	\$ 33,457,931	\$ 33,544,950
CHANGE IN NET POSITION										
Governmental Activities	\$ 2,062,884	\$ 5,480,162	\$ 1,058,998	\$ 3,201,704	\$ 1,543,170	\$ 1,614,923	\$ 505,526	\$ 224,220	\$ 1,282,618	\$ 499,380
Business-Type Activities	32,638	(3,028)	25,039	26,936	22,377	27,547	(24,325)	24,455	(17,366)	(50,633)
TOTAL DISTRICT	\$ 2,095,522	\$ 5,477,134	\$ 1,084,037	\$ 3,228,640	\$ 1,565,547	\$ 1,642,470	\$ 481,201	\$ 248,675	\$ 1,265,252	\$ 448,747

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Restricted	\$ 337,839	\$ 337,839	\$ 47,764	\$ 404,863	\$ 926,910	\$ 1,139,005	\$ 1,215,750	\$ 1,295,601	\$ 1,342,586	\$ 1,395,931
Committed	214,247	215,465	222,989	252,388	2,991,100	2,452,968	1,011,553	1,701,127	3,592,253	4,390,276
Assigned	1,890,998	1,983,351	1,536,413	3,481,370	930,692	1,059,129	536,084	267,295	953,701	408,754
Unassigned	623,814	229,210	546,906	562,188	583,882	517,470	464,788	647,356	445,833	446,835
Total General Fund	<u>\$ 3,066,898</u>	<u>\$ 2,765,865</u>	<u>\$ 2,354,072</u>	<u>\$ 4,700,809</u>	<u>\$ 5,432,584</u>	<u>\$ 5,168,572</u>	<u>\$ 3,228,175</u>	<u>\$ 3,911,379</u>	<u>\$ 6,334,373</u>	<u>\$ 6,641,796</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 5,176,480	\$ 1,096,675	\$ 1,274,698	\$ 1,667,156	\$ 1,331,766	\$ 436,505	\$ 2,628,165	\$ 1,585,938	\$ 901,465	\$ 867,665
Assigned, Reported In:										
Debt Service Fund	44,234	53,547	27,919	139,471	8,580	41	455	2,508	15,296	13,264
Total All Other Governmental Funds	<u>\$ 5,220,714</u>	<u>\$ 1,150,222</u>	<u>\$ 1,302,617</u>	<u>\$ 1,806,627</u>	<u>\$ 1,340,346</u>	<u>\$ 436,546</u>	<u>\$ 2,628,620</u>	<u>\$ 1,588,446</u>	<u>\$ 916,761</u>	<u>\$ 880,929</u>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	\$ 23,337,743	\$ 24,656,330	\$ 26,894,341	\$ 30,036,377	\$ 29,023,552	\$ 30,189,117	\$ 29,157,442	\$ 29,592,975	\$ 29,609,399	\$ 28,780,939
Tuition Charges	32,153				8,921	13,650	23,050	21,104	52,605	70,290
Transportation Fees	38,395	29,669	26,623	18,266	23,327	28,920	32,058	2,340	3,240	3,976
Interest Earnings	192,058	172,609	204,263	257,320	258,834	86,279	28,904	25,829	51,050	30,540
Miscellaneous	59,507	112,904	55,215	94,081	70,373	89,887	110,723	107,123	105,781	143,231
State Sources	3,537,317	3,641,314	3,905,166	4,879,757	5,101,579	4,222,290	4,618,592	2,996,620	3,596,796	4,562,436
State Sources-Capital Projects	806,120	5,904,644	767,539			230,036	263,681	265,594	43,716	
Federal Sources	202,406	691,872	179,786	518,436	778,437	519,609	667,274	666,366	550,742	519,018
Total Revenues	28,205,699	35,209,342	32,032,933	35,804,237	35,265,023	35,379,788	34,901,724	33,677,951	34,013,329	34,110,430
Expenditures:										
Instruction:										
Regular Instruction	8,580,714	9,797,210	9,840,839	9,961,869	9,619,521	9,717,006	9,473,762	9,197,202	8,923,049	9,248,836
Special Education Instruction	1,732,871	1,886,633	2,422,178	2,302,977	2,552,239	2,752,680	2,753,078	2,837,376	2,935,415	3,077,130
Other Special Instruction	43,110	45,270	835,782	501,983	572,837	752,258	799,152	836,210	834,278	757,010
School Sponsored/Other Instructional	130,172	141,369	193,233	158,377	187,533	229,070	210,693	219,503	257,875	262,570
Support Services:										
Tuition	548,075	229,448	538,846	404,181	388,057	112,998	22,972	342,118	186,502	205,805
Student & Instruction Related Services	2,750,550	2,844,471	2,884,706	2,952,976	3,259,066	3,520,906	3,655,341	3,253,594	3,390,964	3,451,729
General Administration	559,600	621,844	683,553	860,907	688,095	679,115	644,047	681,554	610,822	537,283
School Administration Services	1,112,500	1,156,865	1,237,748	1,135,626	1,130,523	1,181,275	1,208,303	1,142,257	1,173,417	1,217,813
Central Services	333,269	374,724	359,071	445,378	458,036	472,596	456,892	447,153	454,006	418,120
Administrative Information Technology		93,975	103,281	131,882	179,676	184,359	192,899	141,994	63,445	30,307
Plant Operations & Maintenance	1,681,126	2,229,080	2,451,734	2,572,666	2,688,078	2,748,294	2,750,409	2,208,103	2,071,894	2,178,294
Pupil Transportation	1,209,757	1,822,874	1,693,658	1,736,452	1,908,135	1,927,922	1,941,299	1,901,384	1,716,881	1,818,183
Employee Benefits	3,484,099	3,132,647	3,837,604	3,769,832	4,010,776	4,269,281	4,892,720	4,601,797	4,474,216	4,452,886
On-Behalf TPAF Pension & Social Security Contribution	1,304,869	1,478,487	1,707,422	2,648,848	2,814,709	2,001,933	2,024,497	2,053,485	2,394,144	3,081,345
Capital Outlay	123,491	485,953	410,427	456,517	1,365,238	487,562	320,360	80,839	18,521	288,060
Special Schools							16,072			
Transfers to Charter Schools		16,448	8,305	17,563						
Special Revenue Funds	227,296	723,059	199,829	542,850	802,395	544,617	703,907	681,329	500,139	535,302
Capital Projects Fund	15,155,112	10,200,214	750,502	351,721	335,390	2,853,297	436,021	1,211,976	37,037	33,800
Debt Service:										
Principal	658,185	885,872	774,561	1,000,330	901,130	916,977	3,326,837	1,163,763	1,164,737	1,230,786
Interest & Other Charges	1,999,053	1,307,435	1,369,052	1,143,202	1,238,126	1,203,254	1,215,112	1,107,132	1,071,932	1,041,089
Total Expenditures	41,633,849	39,473,878	32,302,331	33,096,137	35,099,560	36,555,400	37,044,373	34,108,769	32,279,274	33,866,348
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(13,428,150)	(4,264,536)	(269,398)	2,708,100	165,463	(1,175,612)	(2,142,649)	(430,818)	1,734,055	244,082
Other Financing Sources (Uses):										
Deposit on Sale of Bonds										
Proceeds from Bond Issue & Refunding Bond Issue		10,640,000		10,000,000				5,415,000		
Premium on Bond Issue		235,570		22,326				458,457		
Temporary Notes Financed in Debt Service Fund							2,364,000			
Payments to Refunding Bond Escrow Agent		(10,703,748)		(9,902,679)				(5,799,609)		
Proceeds from Disposition of Capital Assets	2,675	1,250	10,000	23,000	54,000	7,800	30,326		17,254	2,061
Proceeds from Sale or Trade In of Supplies					46,031					
Insurance Claim Proceeds for Flooding Damage										25,448
Total Other Financing Sources (Uses)	2,675	173,072	10,000	142,647	100,031	7,800	2,394,326	73,848	17,254	27,509
Net Change in Fund Balances	\$ (13,425,475)	\$ (4,091,464)	\$ (259,398)	\$ 2,850,747	\$ 265,494	\$ (1,167,812)	\$ 251,677	\$ (356,970)	\$ 1,751,309	\$ 271,591
Debt Service as a Percentage of Noncapital Expenditures	11.21%	8.25%	7.39%	7.11%	6.84%	6.82%	14.31%	7.43%	7.46%	7.26%

Source: District Records

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

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

Description	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interest Income	\$ 73,938	\$ 128,666	\$ 187,331	\$ 243,749	\$ 250,932	\$ 85,644	\$ 28,449	\$ 25,708	\$ 51,050	\$ 30,540
Tuition	32,153				8,921	13,650	23,050	21,104	52,605	70,290
Transportation Fees	38,395	29,669	26,623	18,266	23,327	28,920	32,058	2,340	3,240	3,976
Building Use Rental Income	28,557	15,915	24,860	77,373	40,351	47,948	53,224	46,821	39,495	48,701
Prior Year Refunds	8,269	1,406	8,700	7,805	11,102	11,305	149	765	7,875	2,738
Bid Spec Fees		3,500				4,600	2,800			
Insurance Claims							338			
Insurance Refunds/Rebates			3,645				15,037			
Fines			1,259	1,257						
Recycling Proceeds							1,225			
Sale of Surplus Supplies										4,873
Donations	2,183					3,136				26,000
Prior Year Outstanding Checks Cancelled	504				3,578	300	562	3,112	35	19
Prior Year Accounts Payable Cancelled		77,165					690			
E-Rate Telephone Rebates								43,026	42,498	46,520
Miscellaneous:										
Account Balances Cancelled						68			215	
Grants	600	905								
Refunds			80		255	135			2,500	
Other	100	169	76	205	328	220	810	5		
Annual Totals	\$ 184,699	\$ 257,395	\$ 252,574	\$ 348,655	\$ 338,794	\$ 195,926	\$ 158,392	\$ 142,881	\$ 199,513	\$ 233,657

Source: District Records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 41,741,706	\$ 39,301,400	\$ 40,094,700	\$ 36,031,500	\$ 34,914,260	\$ 33,696,200	\$ 34,795,800	\$ 27,970,300	\$ 25,304,300	\$ 35,670,602
Residential	2,097,754,600	2,105,634,700	2,123,314,500	2,137,249,000	2,151,444,900	2,154,643,100	2,172,275,700	2,075,417,700	2,024,958,200	1,989,936,800
Farm Regular	127,540,900	129,024,400	135,322,600	134,808,000	138,461,600	141,413,100	140,856,600	136,828,300	137,991,300	133,364,572
Q Farm	4,862,886	4,723,279	4,782,575	4,665,174	4,627,500	4,636,337	4,277,344	4,132,562	4,197,992	4,171,297
Commercial	488,293,250	486,627,050	486,047,800	479,132,100	452,457,800	454,458,300	434,530,900	436,529,600	435,330,900	432,721,600
Industrial	22,777,200	23,027,200	21,709,500	21,709,500	50,137,700	51,437,700	49,100,200	52,183,200	51,523,000	51,486,800
Apartment	2,097,600	2,067,600	2,067,600	2,067,600	1,281,400	1,281,400	1,193,900	1,193,900	1,111,400	1,368,100
Total Assessed Value	2,785,068,142	2,790,405,629	2,813,339,275	2,815,662,874	2,833,325,160	2,841,566,137	2,837,030,444	2,734,255,562	2,680,417,092	2,648,719,771
Public Utilities (a)	6,327,242	5,948,561	5,336,048	5,248,369	4,927,162	4,171,952	4,581,241	6,296,043	4,845,327	4,355,257
Net Valuation Taxable	\$ 2,791,395,384	\$ 2,796,354,190	\$ 2,818,675,323	\$ 2,820,911,243	\$ 2,838,252,322	\$ 2,845,738,089	\$ 2,841,611,685	\$ 2,740,551,605	\$ 2,685,262,419	\$ 2,653,075,028
Estimated Actual County Equal. Value	\$ 2,915,318,408	\$ 3,227,649,263	\$ 3,539,720,986	\$ 3,897,391,775	\$ 3,802,175,449	\$ 3,659,066,138	\$ 3,659,066,138	\$ 3,480,065,530	\$ 3,207,815,577	\$ 3,172,017,011
Percentage of Net Valuation to Estimated Actual County Equalized Value	95.75%	86.64%	79.63%	72.38%	74.65%	77.77%	77.66%	78.75%	83.71%	83.64%
Total Direct School Tax Rate (b)	\$ 0.86	\$ 0.92	\$ 1.01	\$ 1.05	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.08	\$ 1.09	\$ 1.09

Source: Municipal Tax Assessor

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

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

(b) Tax rates are per \$100

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

Assessment Year	School District Direct Rate							Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Overlapping Rates		
			Total Direct School Tax Rate			Municipality	County	
2004	\$ 0.78	\$ 0.08	\$ 0.86		\$ 0.47	\$ 0.31	\$ 0.43	\$ 2.07
2005	0.85	0.07	0.92		0.51	0.35	0.43	2.21
2006	0.94	0.07	1.01		0.57	0.35	0.45	2.38
2007	0.98	0.07	1.05		0.61	0.37	0.46	2.49
2008	0.97	0.07	1.04		0.63	0.40	0.45	2.52
2009	0.97	0.07	1.04		0.65	0.44	0.44	2.57
2010	0.97	0.07	1.04		0.68	0.45	0.43	2.60
2011	1.00	0.08	1.08		0.71	0.45	0.43	2.67
2012	1.01	0.08	1.09		0.69	0.47	0.42	2.67
2013	1.01	0.08	1.09		0.70	0.51	0.43	2.73

Sources: Municipal Tax Collector

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

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

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

	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Merck & Co	\$ 215,389,800	1	8.12%	\$ 227,693,187	1	8.16%
Federal Insurance Co	55,507,800	2	2.09%	76,900,000	2	2.75%
Toll NJ I LLC	16,800,000	3	0.63%			
Lamington River Farms	14,439,400	4	0.54%	14,525,500	3	0.52%
Individual Property Owner #1	9,845,000	5	0.37%			
Transcontinental Gas Pipeline	8,274,600	6	0.31%	8,334,400	4	0.30%
Stanton Golf Properties	6,936,600	7	0.26%	7,483,100	5	0.27%
Whitehouse Mall	6,587,400	8	0.25%	6,587,400	7	0.24%
Somerville Associates	5,700,000	9	0.21%	5,849,913	8	0.21%
Salem Realty II LLC	5,540,000	10	0.21%			
United Telephone Company of NJ				6,620,625	6	0.24%
Bishop & Bishop Land Partnership				5,539,700	9	0.20%
Individual Property Owner #2				5,500,000	10	0.20%
	<u>345,020,600</u>		<u>12.99%</u>	<u>365,033,825</u>		<u>13.09%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2003	\$ 54,698,552	\$ 54,114,432	98.93%
2004	58,048,247	57,348,685	98.79%
2005	62,467,903	61,819,952	98.96%
2006	67,449,810	66,498,988	98.59%
2007	70,631,965	69,586,821	98.52%
2008	72,004,045	70,898,947	98.47%
2009	73,577,354	72,475,977	98.50%
2010	74,377,407	73,315,883	98.57%
2011	73,420,299	72,519,236	98.77%
2012	71,821,194	70,769,184	98.54%

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

(a)

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

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

Fiscal Year Ending June 30,	General Obligation Bonds	Governmental Activities			Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
		Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	\$ 30,776,868				\$ 2,347	\$ 30,779,215	3.23%	\$ 1,900
2005	30,738,008					30,738,008	3.16%	1,904
2006	29,963,447					29,963,447	3.11%	1,859
2007	29,607,117					29,607,117	2.84%	1,839
2008	28,705,987					28,705,987	2.60%	1,778
2009	27,789,010			\$ 2,364,000		30,153,010	2.67%	1,865
2010	26,826,173					26,826,173	2.53%	1,663
2011	25,722,410					25,722,410	2.38%	1,599
2012	24,557,673					24,557,673	2.27%	1,539
2013	23,326,887					23,326,887	N/A	1,461

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

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

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2004	\$ 30,776,868		\$ 30,776,868	1.10%	\$ 1,900
2005	30,738,008		30,738,008	1.10%	1,904
2006	29,963,447		29,963,447	1.06%	1,859
2007	29,607,117		29,607,117	1.05%	1,839
2008	28,705,987		28,705,987	1.01%	1,778
2009	27,789,010		27,789,010	0.98%	1,719
2010	26,826,173		26,826,173	0.94%	1,663
2011	25,722,410		25,722,410	0.94%	1,599
2012	24,557,673		24,557,673	0.91%	1,539
2013	23,326,887		23,326,887	0.88%	1,461

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

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

READINGTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 60,741,870	100.00	\$ 60,741,870
Regional High School	18,285,000	34.75	6,353,699
County General Obligation Debt	69,903,571	15.14	<u>10,585,577</u>
Subtotal, Overlapping Debt			77,681,146
School District Direct Debt			<u>23,731,887</u>
Total Direct and Overlapping Debt			<u>\$ 101,413,033</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis

2012	\$ 3,204,707,188
2011	3,266,342,805
2010	<u>3,602,578,342</u>

\$ 10,073,628,335

Average Equalized Valuation of Taxable Property

\$ 3,357,876,112

Debt Limit (3.0% of Average Equalization Value)

\$ 100,736,283 (a)

Total Net Debt Applicable to Limit

23,326,887

Legal Debt Margin

\$ 77,409,396

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 72,329,026	\$ 78,729,526	\$ 88,194,797	\$ 97,995,901	\$ 107,160,518	\$ 113,312,549	\$ 113,516,416	\$ 111,275,512	\$ 105,035,670	\$ 100,736,283
Total Net Debt Applicable	<u>37,449,140</u>	<u>31,505,635</u>	<u>30,730,986</u>	<u>30,285,245</u>	<u>31,748,115</u>	<u>30,849,138</u>	<u>27,504,301</u>	<u>26,400,538</u>	<u>24,557,673</u>	<u>23,326,887</u>
Legal Debt Margin	<u>\$ 34,879,886</u>	<u>\$ 47,223,891</u>	<u>\$ 57,463,811</u>	<u>\$ 67,710,656</u>	<u>\$ 75,412,403</u>	<u>\$ 82,463,411</u>	<u>\$ 86,012,115</u>	<u>\$ 84,874,974</u>	<u>\$ 80,477,997</u>	<u>\$ 77,409,396</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	51.78%	40.02%	34.84%	30.90%	29.63%	27.22%	24.23%	23.73%	23.38%	23.16%

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

(a) Limit Set by NJSA 18A:24-19

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2004	16,198	\$ 974,455,482	\$ 60,159	3.1%
2005	16,147	966,882,360	59,880	2.6%
2006	16,114	1,042,350,204	64,686	2.9%
2007	16,100	1,101,046,800	68,388	2.5%
2008	16,141	1,126,109,147	69,767	3.3%
2009	16,169	1,063,354,285	65,765	6.0%
2010	16,127	1,081,363,731	67,053	6.2%
2011	16,086	1,089,183,060	67,710	6.1%
2012	15,961	N/A	N/A	6.3%
2013	15,961	N/A	N/A	N/A

Sources:

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

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:										
Regular	122.0	128.0	155.0	158.0	158.6	134.5	135.4	129.7	129.3	127.9
Special Education	36.0	36.0	61.0	56.0	64.4	56.8	63.2	58.8	50.4	66.5
Other Special Education	13.0	19.0	25.0	9.0	9.0	13.0	13.0	11.5	24.8	12.6
Support Services:										
Student and Instruction Related Services	49.0	44.0	52.0	54.0	38.3	48.4	50.0	41.0	46.0	44.8
General Administration	2.0	3.0	3.0	2.0	2.4	2.5	2.5	2.1	2.1	2.1
School Administration Services	17.0	17.0	20.0	18.0	18.0	17.0	18.0	15.5	15.5	15.5
Other Administrative Services	1.0	1.5	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	5.0	5.0	5.0	7.0	7.0	7.0	7.0	6.7	6.7	6.0
Administrative Information Technology	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Plant Operations and Maintenance	24.0	24.0	30.0	30.0	28.0	31.0	28.0	13.0	12.6	13.3
Pupil Transportation	29.0	32.0	25.0	26.0	25.0	25.0	23.5	19.5	18.6	19.4
Total	<u>299.0</u>	<u>310.5</u>	<u>379.0</u>	<u>363.0</u>	<u>353.7</u>	<u>338.2</u>	<u>343.6</u>	<u>300.8</u>	<u>308.0</u>	<u>310.1</u>

Sources: District Personnel Records

READINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	2,235	\$ 23,698,008	\$ 10,603	1.28%	236	1 to 9.47	2,235.2	2,149.9	2.36%	96.18%
2005	2,271	26,594,404	11,710	10.44%	213	1 to 10.66	2,240.5	2,150.6	0.24%	95.99%
2006	2,283	28,997,789	12,702	8.46%	243	1 to 9.30	2,170.2	2,113.9	-3.14%	97.41%
2007	2,258	30,144,367	13,350	5.10%	248	1 to 9.10	2,237.7	2,149.8	3.11%	96.07%
2008	2,208	31,259,676	14,157	6.05%	250	1 to 8.83	2,254.7	2,170.1	0.76%	96.25%
2009	2,164	31,094,310	14,369	1.49%	230	1 to 9.41	2,033.1	1,969.4	-9.83%	96.87%
2010	2,097	31,746,043	15,139	5.36%	214	1 to 9.80	2,089.4	2,004.1	2.77%	95.92%
2011	2,040	30,545,059	14,973	-1.09%	209	1 to 9.76	2,030.5	1,953.2	-2.82%	96.19%
2012	1,955	29,987,047	15,339	2.44%	206	1 to 9.49	1,959.1	1,880.5	-3.52%	95.99%
2013	1,875	31,272,613	16,679	8.74%	200	1 to 9.38	1,844.1	1,762.6	-5.87%	95.58%

Source: District Records

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDINGS	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary:										
<u>Whitehouse School (1916)</u>										
Square Feet	34,617	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (Students)	N/A	456	456	456	531	531	531	531	531	531
Enrollment	371	389	526	504	488	450	411	385	372	337
<u>Three Bridges School (1950)</u>										
Square Feet	37,399	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	N/A	345	345	345	445	445	445	445	445	445
Enrollment	329	326	435	444	438	414	415	382	373	337
<u>Holland Brook School (1999)</u>										
Square Feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	N/A	537	537	537	653	653	653	653	653	653
Enrollment	785	766	521	490	497	503	496	497	463	429
Middle:										
<u>Readington Middle School (1962)</u>										
Square Feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	N/A	667	667	667	832	832	832	832	832	832
Enrollment	741	760	787	796	764	771	743	763	742	748

Number of Schools at June 30, 2013

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

Source: District Facilities Office
N/A=Not Available

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

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

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

Fiscal Year Ended	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2004	\$ 29,908	\$ 24,619	\$ 54,349	\$ 163,714	\$ 272,590
2005	58,801	83,148	89,108	118,507	349,564
2006	109,515	91,687	101,128	158,830	461,160
2007	117,675	96,698	115,746	227,477	557,596
2008	142,786	136,058	143,337	185,722	607,903
2009	100,520	91,969	166,069	174,239	532,797
2010	108,313	112,045	204,589	206,633	631,580
2011	99,942	105,405	179,268	165,132	549,747
2012	115,270	100,249	142,749	177,767	536,035
2013	128,858	108,675	181,545	202,067	621,145
	<u>\$ 1,011,588</u>	<u>\$ 950,553</u>	<u>\$ 1,377,888</u>	<u>\$ 1,780,088</u>	<u>\$ 5,120,117</u>

*School facilities as Defined Under
 EFCFA (NJAC 6A:26-1.2 &
 NJAC 6:24-1.3)

READINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
(UNAUDITED)

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

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 11, 2013

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Readington Township School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

October 11, 2013

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Readington Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2013. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated October 11, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.
Public School Accountant

READINGTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2013			
											Accounts Receivable	Deferred Revenue	Due to Grantor	
Special Revenue Fund:														
US Department of Education Passed Through State Department of Education:														
NCLB Title I Part A	84.010A	NCLB-435013	\$ 35,594	09/01/2012-08/31/2013			\$ 21,053	\$ 35,594				\$ (14,541)		
NCLB Title I Part A	84.010A	NCLB-435012	27,090	09/01/2011-08/31/2012	\$ (9,559)	\$ (4,736)	7,914					(6,381)		
NCLB Title I Part A Carry-over	84.010A	NCLB-435012	27,090	09/01/2012-08/31/2013		4,736		4,736						
NCLB Title II Part A	84.367A	NCLB-435013	24,237	09/01/2012-08/31/2013			24,008	24,237				(229)		
NCLB Title II Part A	84.367A	NCLB-435012	28,444	09/01/2011-08/31/2012	(9,232)		10,751	1,519						
NCLB Title III Immigrant	84.365A	NCLB-435012	3,976	09/01/2011-08/31/2012	(3,976)		3,976							
NCLB Title III Immigrant	84.365A	NCLB-435013	6,152	09/01/2012-08/31/2013			1,703	1,703				(4,449)	4,449	
IDEA Basic	84.027	IDEA-435013	411,992	09/01/2012-08/31/2013			160,648	391,017				(251,344)	20,975	
IDEA Basic	84.027	IDEA-435012	418,882	09/01/2011-08/31/2012	(68,642)		135,805	67,163						
IDEA Preschool	84.173	IDEA-435013	14,235	09/01/2012-08/31/2013			6,402	14,231				(7,833)	4	
IDEA Preschool	84.173	IDEA-435012	14,342	09/01/2011-08/31/2012	(3,151)		3,648	497						
Total Special Revenue Fund					(94,560)	-	375,908	540,697	\$ -	\$ -		(284,777)	25,428	\$ -
US Department of Agriculture Passed Through State Department of Agriculture:														
Enterprise Fund:														
Food Donation Program	10.550	N/A	33,863	07/01/2011-06/30/2012	\$ 2,487			\$ 2,487						
Food Donation Program	10.550	N/A	25,266	07/01/2012-06/30/2013			\$ 25,266	23,505				\$ 1,761		
National School Lunch Program	10.555	N/A	71,353	07/01/2011-06/30/2012	(5,008)		5,008							
National School Lunch Program	10.555	N/A	72,305	07/01/2012-06/30/2013			66,538	72,305				\$ (5,767)		
Total Enterprise Fund					(2,521)	\$ -	96,812	98,297	\$ -	\$ -		(5,767)	1,761	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (97,081)	\$ -	\$ 472,720	\$ 638,994	\$ -	\$ -		\$ (290,544)	\$ 27,189	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2013			MEMO		
				Deferred Rev (Accts. Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
State Department of Education														
General Fund:														
Categorical Special Education Aid	13-495-034	\$ 1,119,931	07/01/2012-											
	-5120-089		06/30/2013			\$ 1,119,931	\$ 1,119,931						\$ 103,247	\$ 1,119,931
Categorical Security Aid	13-495-034	66,315	07/01/2012-											
	-5120-084		06/30/2013			66,315	66,315						6,114	66,315
Categorical Transportation Aid	13-495-034	183,354	07/01/2012-											
	-5120-014		06/30/2013			183,354	183,354						16,903	183,354
Extraordinary Aid	12-100-034	114,077	07/01/2011-											
	-5120-473		06/30/2012	\$ (114,077)		114,077								114,077
Extraordinary Aid	13-100-034	106,431	07/01/2012-											
	-5120-473		06/30/2013				106,431		\$ (106,431)					106,431
Nonpublic Transportation Aid	12-495-034	10,440	07/01/2011-											
	-5120-014		06/30/2012	(10,440)		10,440								10,440
Nonpublic Transportation Aid	13-495-034	13,891	07/01/2012-											
	-5120-014		06/30/2013				13,891		(13,891)					13,891
On-Behalf TPAF Pension Contribution-Post Retirement Medical	13-495-034	1,064,584	07/01/2012-											
	-5095-001		06/30/2013			1,064,584	1,064,584							1,064,584
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	13-495-034	47,059	07/01/2012-											
	-5095-007		06/30/2013			47,059	47,059							47,059
On-Behalf TPAF Pension Contribution-Normal Costs and Accrued Liability	13-495-034	894,428	07/01/2012-											
	-5095-006		06/30/2013			894,428	894,428							894,428
Reimbursed TPAF Social Security Contribution	12-495-034	1,035,082	07/01/2011-											
	-5095-002		06/30/2012	(51,664)		51,664								1,035,082
Reimbursed TPAF Social Security Contribution	13-495-034	1,075,274	07/01/2012-											
	-5095-002		06/30/2013			1,021,769	1,075,274		(53,505)					1,075,274
Total General Fund				<u>(176,181)</u>	<u>\$ -</u>	<u>4,573,621</u>	<u>4,571,267</u>	<u>\$ -</u>	<u>(173,827)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>126,264</u>	<u>5,730,866</u>
Special Revenue Fund:														
Nonpublic Textbook Aid	12-100-034	782	07/01/2011-											
	-5120-064		06/30/2012			4			4					778
Nonpublic Textbook Aid	13-100-034	159	07/01/2012-											
	-5120-064		06/30/2013											
Nonpublic Nursing	13-100-034	220	07/01/2012-											
	-5120-070		06/30/2013			220	220							220
Nonpublic Technology Initiative	13-100-034	59	07/01/2012-											
	-5120-373		06/30/2013											
Nonpublic Handicapped Aid Examination and Classification	13-100-034	319	07/01/2012-											
	-5120-066		06/30/2013			319	319							319
Nonpublic Handicapped Aid Corrective Speech	13-100-034	1,562	07/01/2012-											
	-5120-066		06/30/2013			1,562	703				859			1,562
Nonpublic Auxiliary Services Aid English as a Second Language	13-100-034	682	07/01/2012-											
	-5120-067		06/30/2013			682	682							682
Total Special Revenue Fund				<u>-</u>	<u>4</u>	<u>2,783</u>	<u>1,924</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>859</u>	<u>-</u>	<u>-</u>	<u>3,561</u>
Debt Service Fund:														
Debt Service Aid-State Support	13-495-034	7,774	07/01/2012-											
	-5120-017		06/30/2013			7,774	7,774							7,774

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2013			MEMO		
				Deferred Rev. (Accts. Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
<u>State Department of Education (Continued)</u>														
NJ School Development Authority:														
Capital Projects Fund:														
ROD 1-HVAC Upgrades Project:														
Readington Middle School	4350-050-09-1001	\$ 218,000	N/A	\$ (62,924)										
Three Bridges Elementary School	4350-060-09-1003	138,000	N/A	(41,394)					\$ (62,924)				\$ 62,924	
Whitehouse Elementary School	4350-070-09-1004	70,000	N/A	(37,118)					(41,394)				41,394	
ROD 1-Boiler Replacement Project:														
Readington Middle School	4350-050-09-1002	552,000	N/A	(356,059)					(37,118)				37,118	
Whitehouse Elementary School	4350-070-09-1005	174,000	N/A	(76,061)					(356,059)				356,059	
Total Capital Projects Fund				<u>(573,556)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(573,556)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>573,556</u>	
<u>State Department of Agriculture</u>														
Enterprise Fund:														
State School Lunch Program	12-100-010 -3350-023	5,800	07/01/2011- 06/30/2012	(393)		393								5,800
State School Lunch Program	13-100-010 -3350-023	4,956	07/01/2012- 06/30/2013			4,287	4,956		(669)					4,956
Total Enterprise Fund				<u>(393)</u>	<u>-</u>	<u>4,680</u>	<u>4,956</u>	<u>-</u>	<u>(669)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,756</u>	
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (750,130)</u>	<u>\$ 4</u>	<u>\$ 4,588,858</u>	<u>\$ 4,585,921</u>	<u>\$ 4</u>	<u>\$ (748,052)</u>	<u>\$ -</u>	<u>\$ 859</u>	<u>\$ 126,264</u>	<u>\$ 6,326,513</u>	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$18,529) for the general fund, (\$16,669) for the special revenue fund and \$-0- for the capital projects funds. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund			\$ 4,552,738	\$ 4,552,738
Special Revenue Fund	\$ 14,360	\$ 519,018	1,924	535,302
Debt Service Fund			7,774	7,774
Food Service Fund		98,297	4,956	103,253
	<u>\$ 14,360</u>	<u>\$ 617,315</u>	<u>\$ 4,567,392</u>	<u>\$ 5,199,067</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

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

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

Federal Awards

Internal Control Over Major Programs:

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

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

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

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
84.027	\$ 458,180	IDEA Basic
84.173	14,728	IDEA Preschool

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

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

Auditee qualified as a low-risk auditee X Yes No

State Awards

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

Auditee Qualified as low-risk auditee X Yes No

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
13-495-034-5120-089	\$ 1,119,931	Categorical Special Education Aid
13-495-034-5095-002	1,075,274	Reimbursed TPAF Social Security Aid
13-495-034-5120-014	183,354	Categorical Transportation Aid
13-100-034-5120-473	106,431	Extraordinary Aid

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2013.

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

There were no findings or questioned costs for the year ended June 30, 2013.

READINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-7

There were no prior year findings or questioned costs.