

SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP

Washington Township School District
Board of Education
Washington, Warren County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013

Comprehensive Annual

Financial Report

of the

**Washington Township School District
Board of Education**

Washington, New Jersey

For the Fiscal Year Ending June 30, 2013

Prepared by

Washington Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

❧ *Washington Township School District* ❧
Board of Education
“Making a Difference”

Jean Flynn
Business Administrator/
Board Secretary
908-689-1119 x606

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Washington, NJ 07882
908-689-1119
Roger A. Jinks, Superintendent

Maureen Miller
Administrative Assistant /
Executive Secretary
908-689-1119 x605

October 8, 2013

Honorable President and
Members of the Board of Education
Washington Township School District
Warren County
Washington, New Jersey 07882

Dear Board Members:

The comprehensive annual financial report of the Washington Township School District (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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects 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 sections include the general purpose financial statements 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 Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133. "Audits of State and Local Government", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Washington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Washington 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 PreK through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 600 students, which is 4 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Resident Enrollment
6/30/xx

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
6/30/13	600	0.6% decrease
6/30/12	604	1.7% decrease
6/30/11	615	5.0% decrease
6/30/10	651	.8% increase
6/30/09	646	.9 % decrease
6/30/08	652	3.7% decrease
6/30/07	677	.7% increase
6/30/06	672	-
6/30/05	669	3.7% decrease
6/30/04	695	7.1% increase
6/30/03	649	2.5% decrease
6/30/02	665	5.0% decrease
6/30/01	700	1.6 % decrease

2. ECONOMIC CONDITION AND OUTLOOK: Expansion within Washington Township has leveled off during the past ten (10) years. Limited growth is projected for the next three (3) years. Impact on the tax levy should be minimal.

3. MAJOR INITIATIVES: Schools in the state of New Jersey are experiencing unprecedented change in the way teachers are being observed and evaluated due to a new tenure reform bill - TeachNJ. The primary goal of the law is to "raise student achievement by improving instruction through the adoption of evaluations that provide specific feedback to educators, inform the provision of aligned professional development, and inform personnel decisions." The key provisions of TeachNJ include each school district must choose a teacher evaluation/practice instrument that is research-based which meet the state's requirements. Warren Hills Regional Cluster Schools, including Washington Township School District, selected the Marzano Causal Teacher Evaluation Model. It was important that our school model be aligned with the cluster schools in order to save significant costs on training and implementation. In addition to teacher practice, the TeachNJ Act requires teacher evaluations to include multiple measures of student progress from multiple data sources. There are presently two student measurements the state is requiring: *Student Growth Objective (SGO) – these are set by teacher and principal; and Student Growth Percentile (SGP) – scores based on NJ ASK performance Student Growth Percentiles. We are presently creating SGO for all teachers.*

During this past school year we benchmarked student performance using Study Island Assessment of Skills. This criteria reference test is aligned to the New Jersey Core Curriculum Content Skills. During the 2013-2014 school year we will be benchmarking student performance using the Northwest Evaluation Association (NWEA) Measures of Academic Progress (MAP). This benchmarking system is aligned to the more rigorous Common Core State Standards (CCSS).

In addition to our benchmarking efforts, our students continue to be assessed using the New Jersey State Assessment of Skills and Knowledge (ASK). Based upon preliminary scores, we have found that we continue to perform well in the area of mathematics. 90% of our grade 6 students were proficient in math. In grade 5 advanced proficiency scores increased from 32.2% to 41.9%. That is a 23.5% increase in the number of advanced proficient math scores. In 4th grade there was a 17% increase in the number of proficient students (95% in 2013 compared to 81% in 2012); with a corresponding 35% decrease in the number of students who were found to be partially proficient. Though our students do relatively well on the math portion of the NJASK, they still do not perform at that level in language arts; although they are improving. Our 6th grade students' math scores improved from 26.7% partially proficient to just 15%. That is a 43.8%

reduction in the number of partially proficient language arts scores; with a corresponding overall increase of 21.9% in language arts proficiency. Our grade 5 language arts scores improved from 48.9% partially proficient to 38%. That is a 22.2% reduction in the number of partially proficient language arts scores. There was an overall increase of 12.7% increase in language arts proficiency. In addition, there was an 8.6% increase in the number of students who achieved Advanced Proficiency. In grade 4 there was a 7% increase in the number of advanced proficient students. Unfortunately, there was a 16% increase in the number of partially proficient students. Our entire security plan was reviewed by the township Chief of Police and recommendations were made to enhance building security. The majority of the recommendations have been fully implemented. A natural-gas-operated generator system was installed in the Port Colden School in order to operate the drainage system in the event of a power outage. Our future plans include aligning the school's electrical system so that the fire alarm, boiler system and refrigeration are also attached to the generator.

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

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

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

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

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

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds 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. The following schedule presents a summary of the general fund, special revenue fund and debt service revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources	\$5,570,902	59.00%	\$ 171,037	3.17%
State Sources	3,592,084	38.04%	145,789	4.23%
Federal Sources	<u>279,038</u>	<u>2.96%</u>	<u>(86,897)</u>	<u>-23.75%</u>
Total	\$9,442,024	100.00%	\$ 229,929	2.50%
	=====	=====	=====	=====

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$3,758,905	38.51%	\$ 245,976	0.26%
Undistributed Expenditures	<u>5,439,039</u>	<u>55.72%</u>	<u>300,802</u>	<u>7.42%</u>
Total	\$9,197,944	94.23%	\$ 546,778	4.39%
Capital Outlay	237,035	2.43%	198,822	520.3%
Special Revenue	<u>326,474</u>	<u>3.34%</u>	<u>(2,939)</u>	<u>-0.89%</u>
Total	\$9,761,453	100.00%	\$ 742,661	8.23%
	=====	=====	=====	=====

8. DEBT ADMINISTRATION: At June 30, 2012, the District's had no outstanding debt issues.

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 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

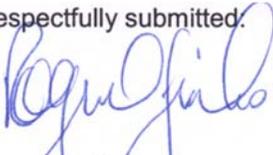
11. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP, was appointed by the Washington Township 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 State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Washington 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 accounting and secretarial staff.

Respectfully submitted.



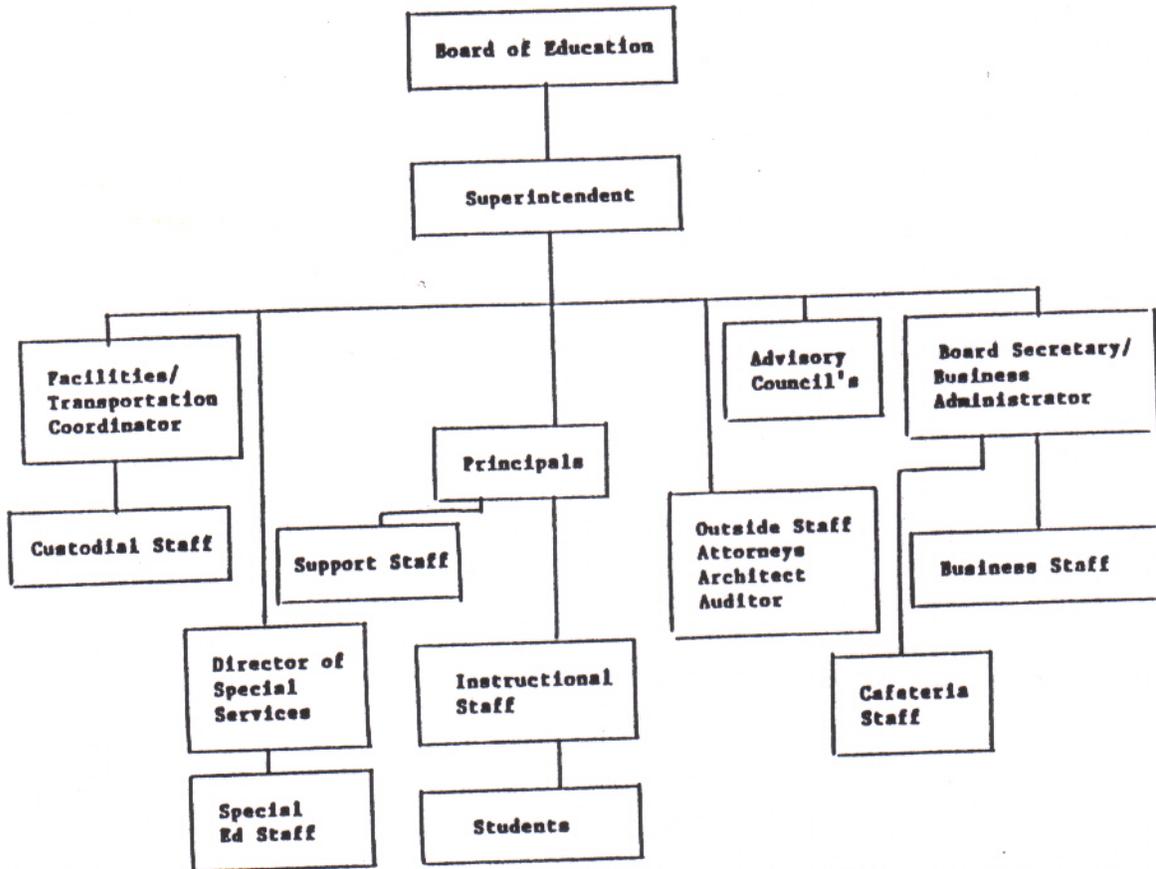
Roger A. Jinks
Superintendent of Schools



Jean Flynn
Business Administrator/Board Secretary

WASHINGTON TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART
(Unit Control)



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2013

Members of the Board of Education

Term Expires

Karen Graf, President	2013
Sheila Dempski, Vice-President	2013
Sally Christine	2015
Jason Ford	2014
Jayne Howard	2013
Anita Smith	2015
John Trush	2015

Other Officials

Roger A. Jinks, Superintendent
Jean Flynn, Board Secretary/School Business Administrator
James Miller, Treasurer
Nathana Simon, Attorney

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

**Gianforaro
Architects-Engineers-Planners
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AUDIT FIRM

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ATTORNEY

**Schwartz, Simon, Edelstein, Celso & Kessler
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Morristown, New Jersey 07962**

OFFICIAL DEPOSITORY

**Fulton Bank of New Jersey
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Oxford, New Jersey 07863**

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Washington Township School District
County of Warren
Washington, New Jersey 07882

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington Township School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

-Continued-

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

We believe that 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, business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 on pages 8 through 14 and 45 through 55 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 Washington Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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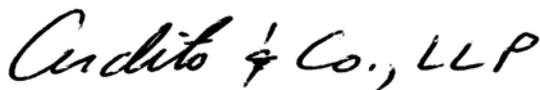
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate 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 fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

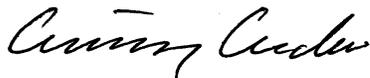
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2013, on our consideration of the Washington Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
October 8, 2013



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

The discussion and analysis of Washington Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ◆ In total, net position decreased \$311,372 which represents a 8.3 percent decrease from 2012.
- ◆ General revenues accounted for \$5,464,988 in revenue or 56.4 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 \$4,173,919 or 43.6 percent of total revenues of \$9,638,907.
- ◆ Total assets of governmental activities decreased by 321,114 as cash and cash equivalents decreased by \$351,568, receivables decreased by \$1,288 and capital assets increased by \$30,087.
- ◆ The School District had \$9,950,279 in expenses; only \$4,173,919 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,464,988 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,115,550 in revenues and \$9,230,479 in expenditures. After transfers of 204,500 to the capital projects fund for the completion of the roof projects, the General Fund's surplus balance decreased by \$319,429 over 2012, which compares favorably to the budgeted decrease of \$380,969.

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 Washington Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. 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 the case of Washington Township School District, the General Fund is by far the most significant fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

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 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. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Governmental Funds

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

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

**Table 1
Net Position**

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 1,949,965	\$ 2,218,535
Capital Assets	<u>2,949,487</u>	<u>2,919,400</u>
Total Assets	<u>4,899,452</u>	<u>5,137,935</u>
 Liabilities		
Long-Term Liabilities	62,220	29,480
Other Liabilities	<u>1,440,123</u>	<u>1,482,605</u>
Total Liabilities	<u>1,502,343</u>	<u>1,512,085</u>
 Net Position		
Invested in Capital Assets, Net of Debt	2,949,487	2,919,400
Restricted	263,739	547,888
Unrestricted	<u>236,930</u>	<u>294,240</u>
Total Net Position	<u>\$ 3,450,156</u>	<u>\$ 3,761,528</u>

Total assets of governmental activities decreased by \$321,114, as cash and cash equivalents decreased by \$351,568, receivables decreased by \$1,288, and capital assets increased by \$30,087. The decrease in cash and overall assets was due to the use of surplus of \$79,969 to fund the 2013 budget, the use of \$203,000 in capital reserve to fund the roof projects, and the budgeted withdrawal of \$135,678 in maintenance reserve to fund the 2013 budget.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Table 2 shows the changes in net position from fiscal year 2012.

Table 2
Changes in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 257,428	\$ 192,882
Operating Grants and Contributions	3,916,491	3,852,675
General Revenues:		
Property Taxes	5,440,521	5,287,410
Other	<u>24,467</u>	<u>52,239</u>
Total Revenues	<u>9,638,907</u>	<u>9,385,206</u>
 Program Expenses		
Instruction	5,336,093	4,927,817
Support Services:		
Tuition	-	3,938
Pupils and Instructional Staff	1,780,001	1,739,413
General Administration, School Administration, Business	1,123,861	1,120,084
Operations and Maintenance of Facilities	896,091	780,706
Pupil Transportation	523,298	505,047
Business-Type Activities	186,173	233,878
Interest and Fiscal Charges	<u>104,762</u>	<u>104,762</u>
Total Expenses	<u>9,950,279</u>	<u>9,415,645</u>
 Increase in Net Position	 <u>\$ (311,372)</u>	 <u>\$ (30,439)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 56.4 percent of revenues for governmental activities for the Washington Township School District for the fiscal year 2013.

Instruction comprises 53.6 percent of district expenses. Support services expenses make up 43.4 percent of the expenses.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$5,336,093	\$ 3,191,440	\$4,927,817	\$2,867,128
Support Services:				
Tuition	-	-	3,938	2,426
Pupils and Instructional Staff	1,780,001	963,482	1,739,413	913,281
General Admin., School Admin., Business	1,123,861	711,043	1,120,084	689,946
Operation and Maintenance of Facilities	896,091	566,937	780,706	480,897
Pupil Transportation	523,298	249,405	505,047	250,875
Business-Type Activities	186,173	(10,709)	233,878	60,773
Interest and Fiscal Charges	<u>104,762</u>	<u>104,762</u>	<u>104,762</u>	<u>104,762</u>
Total Expenses	<u>\$9,950,279</u>	<u>\$5,776,360</u>	<u>\$9,415,645</u>	<u>\$5,370,088</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 59.8 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 58.8 percent. The community, as a whole, is the primary support for the Washington Township School District.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,442,024 and expenditures of \$9,761,453. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$319,429, which compares favorably to the budgeted decrease of \$380,969.

General Fund Budgeting Highlights

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

During the course of the fiscal 2013 year, 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 but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$8,211,929, \$6,728 over original budgeted estimates of \$8,205,201. This was mostly due to additional transportation fees of \$12,000.

The General fund expenditures and other financing uses of the School District exceeded revenue, including transfers to other funds, by \$329,446, again due to budgeted use of surplus, capital reserves and maintenance reserves to fund the fiscal year 2013 budget.

Capital Assets

At the end of the fiscal year 2013, the School District had \$2,949,487 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2013 balances compared to 2012.

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

	<u>2013</u>	<u>2012</u>
Land	\$ 24,506	\$ 24,506
Land Improvements	-	-
Buildings and Improvements	2,869,170	2,832,175
Machinery and Equipment	<u>55,811</u>	<u>62,719</u>
Totals	<u>\$ 2,949,487</u>	<u>\$ 2,919,400</u>

Overall capital assets decreased \$30,087 from fiscal year 2012 to fiscal year 2013. Increases in capital assets (primarily the roof improvements) were offset in part by depreciation expenses for the year.

Capital asset additions were purchased during fiscal year 2013 totaling \$237,035.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Debt Administration

At June 30, 2013, the School District had \$62,220 as outstanding debt. This amount is for compensated absences.

At June 30, 2013, the School District's overall legal debt margin was \$24,619,346 and the unvoted debt margin was the same.

For the Future

The Washington Township School District is in very good financial condition presently. A major concern is declining property valuations coupled with heavy reliance on local property taxes to fund the school's operations.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Jean Flynn, School Business Administrator/Board Secretary at Washington Township School District, 16 Castle Street, Washington, NJ 07882, or E-mail at flynnj@warrennet.org.

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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2013

	GOVERNMENTAL BUSINESS-TYPE		
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,409,187	\$ 35,055	\$ 1,444,242
Receivables, Net	285,084	3,095	288,179
Interfund Receivable	3,386		3,386
Inventory		3,466	3,466
Restricted Assets:			
Capital Reserve Account - Cash	210,692		210,692
Maintenance Reserve Account - Cash	53,047		53,047
Capital Assets, Net (Note 6):	2,949,487		2,949,487
Total Assets	4,910,883	41,616	4,952,499
LIABILITIES			
Accounts Payable	6,126	6,272	12,398
Interfund Payable		3,095	3,095
Deferred Revenue	1,423,837	793	1,424,630
Noncurrent Liabilities (Note 7):			
Due Within One Year			
Due Beyond One Year	62,220		62,220
Total Liabilities	1,492,183	10,160	1,502,343
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,949,487		2,949,487
Restricted for:			
Capital Reserve	210,692		210,692
Maintenance Reserve	53,047		53,047
Other	-		
Unrestricted	205,474	31,456	236,930
Total Net Position	\$ 3,418,700	\$ 31,456	\$ 3,450,156

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 4,036,063	\$ 24,241	\$ 1,642,883		\$ (2,368,939)		\$ (2,368,939)
Special Education	859,000		315,529		(543,471)		(543,471)
Other Special Instruction	441,030		162,000		(279,030)		(279,030)
Support Services:							
Student & Instruction Related Services	1,780,001		816,519		(963,482)		(963,482)
School Administrative Services	467,760		171,818		(295,942)		(295,942)
General and Business Admin. Services	656,101		241,000		(415,101)		(415,101)
Plant Operations and Maintenance	896,091		329,154		(566,937)		(566,937)
Pupil Transportation	523,298	81,674	192,219		(249,405)		(249,405)
Unallocated Depreciation	104,762				(104,762)		(104,762)
Total Governmental Activities	9,764,106	105,915	3,871,122		(5,787,069)		(5,787,069)
Business-Type Activities:							
Child Care	54,358	66,526				\$ 12,168	12,168
Food Service	131,815	84,987	45,369			(1,459)	(1,459)
Total Business-Type Activities	186,173	151,513	45,369	-	-	10,709	10,709
Total Primary Government	\$ 9,950,279	\$ 257,428	\$ 3,916,491		\$ (5,787,069)	\$ 10,709	\$ (5,776,360)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 5,440,521		\$ 5,440,521
Investment Earnings					3,853	\$ 1	3,854
Miscellaneous Income					20,613		20,613
Total General Revenues, Special Items, Extraor. Items & Transfers					5,464,987	1	5,464,988
Change in Net Position					(322,082)	\$ 10,710	(311,372)
Net Position—Beginning					3,740,782	20,746	3,761,528
Net Position—Ending					\$ 3,418,700	\$ 31,456	\$ 3,450,156

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

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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2013

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,672,926		\$ 1,672,926
Interfund Receivable	129,599		129,599
Receivables from Other Governments	116,241	\$ 168,843	285,084
TOTAL ASSETS	<u>\$ 1,918,766</u>	<u>\$ 168,843</u>	<u>\$ 2,087,609</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payable		\$ 126,213	\$ 126,213
Due to State		6,126	6,126
Deferred Revenue	1,387,333	36,504	1,423,837
Total Liabilities	<u>1,387,333</u>	<u>168,843</u>	<u>1,556,176</u>
 Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	210,692		210,692
Maintenance Reserve	53,047		53,047
<u>Assigned to:</u>			
Year-End Encumbrances	257,057		257,057
<u>Unassigned:</u>			
General Fund - Undesignated	10,637		10,637
Total Fund Balances	<u>531,433</u>		<u>531,433</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,918,766</u>	 <u>\$ 168,843</u>	 <u>\$ 2,087,609</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The cost of the assets is \$6,778,092 and the accumulated depreciation is \$3,828,605.

\$ 2,949,487

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).

(62,220)

Net Position of governmental activities

\$ 3,418,700

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,440,521			\$ 5,440,521
Other Local Governmental Units-Unrestricted	105,915			105,915
Interest Earned on Capital Reserve Funds	450			450
Miscellaneous	20,578	\$ 3,438		24,016
Total - Local Sources	5,567,464	3,438	-	5,570,902
State Sources	3,548,086	43,998		3,592,084
Federal Sources		279,038		279,038
Total Revenues	9,115,550	326,474	-	9,442,024
EXPENDITURES				
Current:				
Regular Instruction	2,785,119	163,788		2,948,907
Special Education Instruction	643,433			643,433
Other Special Instruction	330,353			330,353
Support services and undistributed costs:				
Student and Instruction Related Services	1,170,622	162,686		1,333,308
School Administrative Services	291,959			291,959
Other Administrative Services	491,452			491,452
Plant Operations and Maintenance	669,432			669,432
Pupil Transportation	391,551			391,551
Unallocated Benefits	2,417,284			2,417,284
Transfer to Charter School	6,739			6,739
Capital Outlay	32,535		\$ 204,500	237,035
Total Expenditures	9,230,479	326,474	204,500	9,761,453
Excess (Deficiency) of Revenues Over Expenditures	(114,929)		(204,500)	(319,429)
OTHER FINANCING SOURCES (USES)				
Transfers - Capital Projects Fund	(204,500)		\$ 204,500	-
Total Other Financing Sources and Uses	(204,500)		204,500	-
Net Change in Fund Balances	(319,429)		-	(319,429)
Fund Balance—July 1	850,862			850,862
Fund Balance—June 30	\$ 531,433		-	\$ 531,433

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (319,429)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$ (206,948)	
Capital Outlays	<u>237,035</u>	30,087

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

(32,740)

Change in Net Position of Governmental Activities **\$ (322,082)**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 3,595	\$ 31,460	\$ 35,055
Accounts Receivable	3,095		3,095
Inventories	3,466		3,466
Total Current Assets	10,156	31,460	41,616
Noncurrent Assets:			
Furniture, Machinery and Equipment	71,500		71,500
Less Accumulated Depreciation	(71,500)		(71,500)
Total Noncurrent Assets	-	-	-
Total Assets	10,156	31,460	41,616
LIABILITIES			
Current liabilities:			
Accounts Payable	6,272		6,272
Due Current Fund	3,095		3,095
Deferred Revenue	793		793
Total Current Liabilities	10,160	-	10,160
Total Liabilities	10,160	-	10,160
NET POSITION			
Invested in Capital Assets Net of Related Debt	-	-	-
Unrestricted	(4)	31,460	31,456
Total Net Position	\$ (4)	\$ 31,460	\$ 31,456

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities-		
	Enterprise Fund		
	Food Service	Child Care	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable/Non-Reimb. Programs	\$ 81,053		\$ 81,053
FSP Guarantee	3,108		3,108
Miscellaneous	826	\$ 66,526	67,352
Total Operating Revenues	84,987	66,526	151,513
Operating Expenses:			
Cost of Sales	71,150		71,150
Salaries	39,046	43,131	82,177
Employee Benefits	10,275	9,580	19,855
Other Purchased Professional Services	8,900	1,647	10,547
Miscellaneous	2,444		2,444
Depreciation			
Total Operating Expenses	131,815	54,358	186,173
Operating Income (Loss)	(46,828)	12,168	(34,660)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,649		1,649
Federal Sources:			
National School Lunch Program	38,363		38,363
Food Distribution Program	5,357		5,357
Interest Income	1		1
Total Nonoperating Revenues (Expenses)	45,370		45,370
Change in Net Position	(1,458)	12,168	10,710
Total Net Position—Beginning	1,454	19,292	20,746
Total Net Position—Ending	\$ (4)	\$ 31,460	\$ 31,456

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Child Care</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 81,879	\$ 66,526	\$ 148,405
Payments to Employees	(39,046)	(43,131)	(82,177)
Payments for Employee Benefits	(10,274)	(9,580)	(19,854)
Payments to Suppliers	(69,967)	(1,647)	(71,614)
Net Cash Provided by (used for) Operating Activities	(37,408)	12,168	(25,240)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,591		1,591
Federal Sources	40,922		40,922
Operating Transfers to Other Funds	(2,501)	31	(2,470)
Net Cash Provided by (used for) Non-Capital Financing Activities	40,012	31	40,043
Net Increase (Decrease) in Cash and Cash Equivalents	2,604	12,199	14,803
Balances—Beginning of Year	991	19,261	20,252
Balances—End of Year	\$ 3,595	\$ 31,460	\$ 35,055
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (46,828)	\$ 12,168	\$ (34,660)
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	-		-
Federal Commodities	5,357		5,357
Interest Income			-
(Increase) Decrease in Accounts Receivable			-
(Increase) Decrease in Inventories	(2,209)		(2,209)
Increase (Decrease) in Accounts Payable	6,272		6,272
Total Adjustments	9,420	-	9,420
Net Cash Provided by (used for) Operating Activities	\$ (37,408)	\$ 12,168	\$ (25,240)

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2013

		Unemployment Compensation Trust	Agency Fund
	ASSETS		
Cash and Cash Equivalents		\$ 128,769	\$ 22,931
	Total Assets	128,769	22,931
	LIABILITIES		
Accounts Payable			1,518
Interfund Payable-Current Fund			291
Payable to Student Groups			18,892
	Total Liabilities		20,701
	NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes		\$ 128,769	\$ 2,230

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2013

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Investment Earnings:	
Interest	\$ 237
Net Investment Earnings	<u>237</u>
Total Additions	<u>45,970</u>
DEDUCTIONS	
Unemployment Claims	<u>6,148</u>
Total Deductions	<u>6,148</u>
Change in Net Position	39,822
Net Position—Beginning of the Year	<u>88,947</u>
Net Position—End of the Year	<u>\$ 128,769</u>

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

Notes to Financial Statements

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2012.

A. Reporting Entity:

The Washington Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Township School District had an approximate enrollment at June 30, 2013, of 600 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:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

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

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

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.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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.

D. Encumbrance Accounting:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$40 per unused sick day up to a maximum of 150 unused sick days with a minimum of 20 years of service in the district.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2013, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2013, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 1,444,242	\$ 151,700	\$ 1,595,942
Checking Accounts-Capital and Maintenance Reserve	263,739		263,739
	<u>\$ 1,707,981</u>	<u>\$ 151,700</u>	<u>\$ 1,859,681</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$1,859,681 and the bank balance was \$1,965,707. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$281,292 was covered by federal depository insurances and \$1,684,415 was covered by collateral pool.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3: RECEIVABLES

Receivables at June 30, 2013, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 114,896	\$ 115,023
Federal Aid	168,843	171,811
Local	<u>1,345</u>	<u>1,345</u>
Gross Receivable	\$ 285,084	\$ 288,179
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u>\$ 285,084</u>	<u>\$ 288,179</u>

NOTE 4: INVENTORY

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

Food	<u>\$3,466</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 24,506			\$ 24,506
Total Capital Assets Not Being Depreciated	24,506			24,506
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	163,966			163,966
Buildings and Building Improvements	5,112,530	\$ 204,500		5,317,030
Machinery and Equipment	1,215,549	32,535		1,248,084
Total at Historical Cost	6,516,551	237,035		6,753,586
Less Accumulated Depreciation for:				
Land Improvements	(163,966)			(163,966)
Building and Improvements	(2,280,355)	(167,505)		(2,447,860)
Equipment	(1,177,336)	(39,443)		(1,216,779)
Total Accumulated Depreciation	(3,621,657)	(206,948)		(3,828,605)
	2,919,400	30,087		2,949,487
Government Activity Capital Assets, Net	\$ 2,919,400	\$ 30,087		\$ 2,949,487

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 41,561
School Administrative Services	58,416
Plant Operation and Maintenance	1,784
Transportation	425
Unallocated	104,762
Total	<u>\$ 206,948</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2013, are as follows:

	Balance <u>7/1/12</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/13</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$29,480	\$32,740		\$62,220	
Total	<u>\$29,480</u>	<u>\$32,740</u>	-	<u>\$62,220</u>	

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

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2013, it is not necessary for the Board to establish a liability for arbitrage rebate.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements:

As of June 30, 2013, there are no outstanding debt obligations.

As of June 30, 2013, the District had no authorized but not issued bonds.

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A.18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8: PENSION PLANS (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2013	\$118,664	100 %	-0-
6/30/2012	\$117,029	100	-0-
6/30/2011	\$106,370	100	-0-

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8: PENSION PLANS (Continued)

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2013	-0-	100 %	-0-
6/30/2012	-0-	100	-0-
6/30/2011	-0-	100	-0-

During the fiscal year ended June 30, 2013, the State of New Jersey did contribute \$582,578 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$311,026 during the year ended June 30, 2013, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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 does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10: 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, permits 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:

Lincoln Investment Planning
Great American Life
Financial Resources
Dean Witter Trust
Oppenheimer Shareholder

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$40 per unused sick day up to a maximum of 150 unused sick days with a minimum of 20 years of service in the district.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12: RISK MANAGEMENT (Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$27,737	\$18,233	\$6,148	\$128,769
2011-2012	\$286		\$10,586	\$88,947
2010-2011	\$37,320	\$8,842	\$37,317	\$99,247

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$531,433 General Fund fund balance at June 30, 2013, \$210,692 has been reserved in the Capital Reserve Account; \$53,047 has been reserved in the Maintenance Reserve Account; \$257,057 is reserved for encumbrances; and, \$10,637 is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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 \$0.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township School District Board of Education by inclusion of \$100,000 in the original 1998-99 annual capital outlay budget 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 district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$332,241
Interest Earnings	450
Budgeted Withdrawal	(204,500)
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 17, 2013	<u>82,500</u>
Ending Balance, June 30, 2013	<u><u>\$210,691</u></u>

NOTE 17: MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve account was established by the School District Board of Education in fiscal year 2013, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance July 1, 2012	\$ 135,678
Budgeted Withdrawal	(135,678)
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 17, 2013	<u>53,047</u>
Ending balance June 30, 2013	<u><u>\$ 53,047</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 129,599	-
Payroll Agency		\$ 291
Food Service Fund		3,095
Special Revenue Fund		126,213
	<u>\$ 129,599</u>	<u>\$ 129,599</u>

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received.

The interfund payable in the food service fund is due to the general fund for cash advances to cover federal and state lunch reimbursements that have not yet been received.

NOTE 19: DEFERRED REVENUE

On June 28, 2013, the District collected \$1,387,333 in advance payment of the 2013-2014 tax levy from the Township of Washington. This amount is deferred and will be recognized as revenue in the 2013-2014 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,440,519		\$ 5,440,519	\$ 5,440,521	\$ 2
Other Local Governmental Units-Unrestricted	108,693	\$ 12,000	120,693	105,915	(14,778)
Interest Earned on Capital Reserve Funds	1,000		1,000	450	(550)
Miscellaneous	27,840		27,840	20,578	(7,262)
Total - Local Sources	5,578,052	12,000	5,590,052	5,567,464	(22,588)
State Sources:					
Equalization Aid	1,667,326		1,667,326	1,667,326	
Transportation Aid	254,059		254,059	254,059	
Special Education Aid	324,630		324,630	324,630	
Security Aid	45,874		45,874	45,874	
Adjustment Aid	289,192		289,192	289,192	
Other State Aid	46,068		46,068	63,384	17,316
TPAF Pension and PRM (On-Behalf - Non-Budgeted)				582,578	582,578
TPAF Social Security (Reimbursed - Non-Budgeted)				311,026	311,026
Total State Sources	2,627,149		2,627,149	3,538,069	910,920
TOTAL REVENUES	8,205,201	12,000	8,217,201	9,105,533	888,332

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	179,796		179,796	179,307	489
Grades 1-5 - Salaries of Teachers	2,000,399	(90,200)	1,910,199	1,905,612	4,587
Grades 6-8 - Salaries of Teachers	437,770	(7,655)	430,115	421,310	8,805
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000	225	775
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	3,050	(375)	2,675	2,612	63
Purchased Technical Services	2,000	(1,650)	350	340	10
Other Purchased Services (400-500 series)	13,850	(4,250)	9,600	9,134	466
General Supplies	39,223	228,009	267,232	263,765	3,467
Textbooks		1,490	1,490	1,490	
Other Objects	3,000	(1,650)	1,350	1,324	26
TOTAL REG. PROGRAMS - INSTRUCTION	2,680,088	123,719	2,803,807	2,785,119	18,688
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	118,985	(3,300)	115,685	111,311	4,374
Other Salaries for Instruction	14,417	(7,450)	6,967	6,963	4
General Supplies	100		100	100	
Total Resource Room/Resource Center	133,502	(10,750)	122,752	118,374	4,378
Resource Room/Resource Center:					
Salaries of Teachers	379,187	33,155	412,342	407,042	5,300
General Supplies	100		100	100	
Textbooks	100		100		100
Total Resource Room/Resource Center	379,387	33,155	412,542	407,142	5,400

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part-Time:					
Salaries of Teachers	89,425	(1,025)	88,400	86,178	2,222
Other Salaries for Instruction	34,039	1,025	35,064	30,764	4,300
General Supplies	100		100	100	
Total Preschool Disabilities - Part-Time	123,564		123,564	117,042	6,522
Home Instruction:					
Salaries of Teachers	1,000		1,000	875	125
Total Home Instruction	1,000		1,000	875	125
TOTAL SPECIAL ED. - INSTRUCTION	637,453	22,405	659,858	643,433	16,425
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	233,145	77,200	310,345	306,397	3,948
General Supplies	100	250	350	350	
Total Basic Skills/Remedial - Instruction	233,245	77,450	310,695	306,747	3,948
School Spon.Co/Extra Curricular Actvts.-Instruction:					
Salaries	17,100		17,100	11,820	5,280
General Supplies	200		200	140	60
Total School Spon.Co/Extra Curricular Actvts.-Instruction	17,300		17,300	11,960	5,340
Summer School - Instruction:					
Salaries of Teachers	10,300	(600)	9,700	9,647	53
Other Salaries for Instruction	1,440	600	2,040	1,999	41
Total Summer School - Instruction	11,740		11,740	11,646	94
TOTAL INSTRUCTION	3,579,826	223,574	3,803,400	3,758,905	44,495

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
UNDISTRIBUTED EXPENDITURES					
Health Services:					
Salaries	146,731	(20,585)	126,146	115,805	10,341
Purchased Professional and Technical Services	2,500		2,500	160	2,340
Supplies and Materials	4,000	(365)	3,635	2,721	914
Total Health Services	153,231	(20,950)	132,281	118,686	13,595
Other Supp. Services Students-Related Serv.:					
Salaries	161,176	(29,800)	131,376	126,126	5,250
Purchased Professional - Educational Services	94,000		94,000	83,537	10,463
Misc. Purchased Services (400-500 series)	300	(175)	125	74	51
Supplies and Materials	100	927	1,027		1,027
Total Other Supp. Serv. Students-Related Serv.	255,576	(29,048)	226,528	209,737	16,791
Other Supp. Services Students-Extra.Services:					
Salaries	378,310	49,350	427,660	418,020	9,640
Total Other Supp. Services Students-Extra.Services	378,310	49,350	427,660	418,020	9,640
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	32,693	5,750	38,443	38,417	26
Misc. Purchased Services (400-500 series)	200		200		200
Supplies and Materials	400		400		400
Total Other Supp. Services Students-Regular	33,293	5,750	39,043	38,417	626
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	215,770		215,770	213,373	2,397
Salaries of Secretarial and Clerical Assistants	43,827	(5,000)	38,827	33,164	5,663
Other Purchased Professional and Technical Services	3,000	(910)	2,090	960	1,130
Misc. Purchased Services (400-500 series O/than Resid.Costs)	500	5	505	364	141
Supplies and Materials	400	(205)	195		195
Total Other Supp. Services Students-Special	263,497	(6,110)	257,387	247,861	9,526

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Improvement of Instruction Services:					
Salaries of Other Professional Staff	1,000	2,381	3,381	1,731	1,650
Purchased Professional - Educational Services		12,000	12,000	10,150	1,850
Total Improvement of Instruction Services	1,000	14,381	15,381	11,881	3,500
Educational Media Services/School Library:					
Salaries	92,523	275	92,798	92,798	
Purchased Professional - Technical Services	10,955	1,785	12,740	12,738	2
Supplies and Materials	6,000	180	6,180	5,882	298
Other Objects		200	200	174	26
Total Educational Media Services/School Library	109,478	2,440	111,918	111,592	326
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	26,000	(10,975)	15,025	14,428	597
Total Instructional Staff Training Services	26,000	(10,975)	15,025	14,428	597
Supp. Services - General Administration:					
Salaries	202,049		202,049	202,049	
Legal Services	5,000	68,445	73,445	2,288	71,157
Audit Fees	13,500		13,500	13,406	94
Other Purchased Professional Services	13,620	2,939	16,559	15,051	1,508
Communications/Telephone	24,740	1,410	26,150	22,738	3,412
Other Purchased Services (400-500 series)	14,900	(514)	14,386	14,294	92
General Supplies	3,000	1,640	4,640	4,114	526
Miscellaneous Expenditures	7,000	(2,890)	4,110	3,919	191
BOE Membership Dues and Fees	5,500	(110)	5,390	5,154	236
Total Supp. Services - General Administration	289,309	70,920	360,229	283,013	77,216
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	163,422		163,422	163,422	
Salaries of Other Professional Staff	2,000		2,000	2,000	
Salaries of Secretarial and Clerical Assistants	111,331	462	111,793	111,603	190
Supplies and Materials	11,200	(3,104)	8,096	7,554	542
Other Objects	2,650	4,730	7,380	7,380	
Total Support Services - School Administration	290,603	2,088	292,691	291,959	732

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Central Services:					
Salaries	126,863	(1,200)	125,663	125,590	73
Purchased Professional Services	1,100	(75)	1,025		1,025
Miscellaneous Purchased Services (400-500 series)	3,300	(2,065)	1,235	708	527
Supplies and Materials	2,000	3,337	5,337	5,336	1
Miscellaneous Expenditures	1,500	1,385	2,885	2,884	1
Total Central Services	134,763	1,382	136,145	134,518	1,627
Admin. Info.Tech.:					
Salaries	54,554		54,554	54,554	
Purchased Technical Services	16,790		16,790	16,767	23
Supplies and Materials	1,000	1,600	2,600	2,600	
Total Admin. Info.Tech.	72,344	1,600	73,944	73,921	23
Required Maintenance for School Facilities:					
Salaries	53,781	(48,827)	4,954	3,375	1,579
Cleaning, Repair and Maintenance Services	67,000	220,488	287,488	255,188	32,300
General Supplies	18,400	8,915	27,315	21,831	5,484
Other Objects	1,000	(184)	816	120	
Total Required Maintenance for School Facilities	140,181	180,392	320,573	280,514	40,059
Other Operations and Maintenance of Plant:					
Salaries	214,167	8,213	222,380	221,129	1,251
Cleaning, Repair and Maintenance Services	32,500	(10,787)	21,713	16,841	4,872
Other Purchased Property Services	9,000	929	9,929	9,253	676
Insurance	17,000	2,327	19,327	19,327	
Miscellaneous Purchased Services	400	(313)	87	6	81
General Supplies	26,000	1,004	27,004	22,616	4,388
Energy (Heat and Electricity)	151,000	(51,068)	99,932	99,746	186
Total Other Operations and Maintenance of Plant	450,067	(49,695)	400,372	388,918	11,454

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	6,530	(50)	6,480	4,613	1,867
Salaries for Pupil Transpor.(Between Home & School)-Regular	74,490	350	74,840	74,840	
Other Purchased Professional - Technical Services	2,000	(884)	1,116	943	173
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	15,000	3,564	18,564	18,564	
Contracted Services (Other than Bet. Home and Sch.)-Vendors	3,600		3,600	2,481	1,119
Contracted Services (Bet. Home and School)-Joint Agreements	257,480	24,728	282,208	274,323	7,885
Contracted Services (Special Education Students)-Vendors	9,000	(1,825)	7,175	6,770	405
Contracted Services (Special Education Students)-Joint Agrmnts.	33,000	1,247	34,247	4,192	30,055
Supplies and Materials	3,000	700	3,700	3,595	105
Other Objects	2,000	(250)	1,750	1,230	520
Total Student Transportation Services	406,100	27,580	433,680	391,551	42,129
UNALLOCATED BENEFITS					
Social Security Contributions	96,000	10,500	106,500	106,433	67
Other Retirement Contributions-Regular	125,000	(5,385)	119,615	118,664	951
Other Retirement Contributions-ERIP	3,000	1,500	4,500	4,114	386
Unemployment Compensation		27,500	27,500	27,500	
Workmen's Compensation	53,000		53,000	51,260	1,740
Health Benefits	1,302,353	(67,765)	1,234,588	1,135,834	98,754
Tuition Reimbursement	25,000	(12,000)	13,000	6,174	6,826
Other Employee Benefits	76,333		76,333	73,701	2,632
TOTAL UNALLOCATED BENEFITS	1,680,686	(45,650)	1,635,036	1,523,680	111,356
On-behalf TPAF pension and PRM Contrib. (non-budgeted)				582,578	(582,578)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				311,026	(311,026)
TOTAL ON-BEHALF CONTRIBUTIONS				893,604	(893,604)
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	1,680,686	(45,650)	1,635,036	2,417,284	(782,248)
TOTAL UNDISTRIBUTED EXPENDITURES	4,684,438	193,455	4,877,893	5,432,300	(554,407)

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	8,264,264	417,029	8,681,293	9,191,205	(509,912)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction		19,055	19,055	19,050	5
Undistributed Expenditures-Equip for Req. Maint. For Sch. Fac.		43,685	43,685	13,485	30,200
Total Equipment		62,740	62,740	32,535	30,205
TOTAL CAPITAL OUTLAY		62,740	62,740	32,535	30,205
Transfer to Charter School	19,906	(11,912)	7,994	6,739	1,255
TOTAL EXPENDITURES	8,284,170	467,857	8,752,027	9,230,479	(478,452)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,969)	(455,857)	(534,826)	(124,946)	409,880
Other Financing Sources:					
Operating Transfer (In)/Out:					
Capital Reserve - Transfer to Capital Projects	302,000	(97,500)	204,500	204,500	-
Total Other Financing Sources:	302,000	(97,500)	204,500	204,500	-

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(380,969)	(358,357)	(739,326)	(329,446)	409,880
Fund Balance, July 1	1,112,852		1,112,852	1,112,852	
Fund Balance, June 30	\$ 731,883	\$ (358,357)	\$ 373,526	\$ 783,406	\$ 409,880
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 210,692	
Maintenance Reserve				53,047	
Assigned to:					
Year-End Encumbrances				257,057	
Unassigned:					
Unrestricted Fund Balance				<u>262,610</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				783,406	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(251,973)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 531,433</u>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**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 Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 3,510	\$ 3,510	\$ 3,378	\$ (132)
State Sources	\$ 64,096	(6,899)	57,197	57,197	-
Federal Sources	170,000	105,123	275,123	268,692	(6,431)
Total Revenues	234,096	101,734	335,830	329,267	(6,563)
EXPENDITURES:					
Instruction					
Salaries of Teachers	13,000	473	13,473	13,473	
Purchased Professional and Technical Services	52,096	(12,202)	39,894	39,762	132
Tuition		13,608	13,608	13,608	
General Supplies	72,000	25,181	97,181	93,453	3,728
Textbooks	5,000	2,186	7,186	7,186	
Total Instruction	142,096	29,246	171,342	167,482	3,860
Support Services					
Personal Services - Employee Benefits	2,000	861	2,861	2,861	
Purchased Professional and Technical Services	18,000	(1,792)	16,208	13,531	2,677
Purchased Professional Educational Services	63,000	58,630	121,630	121,630	
Other Purchased Services	4,000	2,962	6,962	6,962	
Supplies & Materials	5,000	11,827	16,827	16,801	26
Total Support Services	92,000	72,488	164,488	161,785	2,703
Total Expenditures	\$ 234,096	\$ 101,734	\$ 335,830	\$ 329,267	\$ 6,563
Total Outflows	\$ 234,096	\$ 101,734	\$ 335,830	\$ 329,267	\$ 6,563
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)	<u>None</u>				
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis	<u>None</u>				
Fund Balance per Governmental Funds(GAAP Basis)	<u>None</u>				

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2013

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,105,533	\$ 329,267
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	27,836
Current Year Encumbrances	N/A	(30,629)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	261,990	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(251,973)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 9,115,550</u>	<u>\$ 326,474</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,230,479	\$ 329,267
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	27,836
Current Year Encumbrances	N/A	(30,629)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,230,479</u>	<u>\$ 326,474</u>

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2013

	Title I Part A	Title II Part A	IDEA Basic	IDEA Preschool	Non- Public Textbook	Non- Public Nursing	Non- Public Tech.	Non- Public Speech	Non- Public Aux. Comp Ed.	Non- Public Handicap Exam	Non- Public Handicap Supplem.	Local	Totals
REVENUES													
Local Sources												\$ 3,378	\$ 3,378
State Sources					\$ 7,186	\$ 9,974	\$ 2,653	\$ 5,234	\$ 20,733	\$ 9,336	\$ 2,081		57,197
Federal Sources	\$ 23,405	\$ 16,912	\$ 215,025	\$ 13,350									268,692
TOTAL REVENUES	23,405	16,912	215,025	13,350	7,186	9,974	2,653	5,234	20,733	9,336	2,081	3,378	329,267
EXPENDITURES:													
Instruction:													
Salaries of Teachers	13,473												13,473
Purchased Profess. & Tech. Serv.								5,234	20,733	9,336	2,081	2,378	39,762
Tuition			13,608										13,608
General Supplies	7,071		83,729				2,653						93,453
Textbooks					7,186								7,186
Total Instruction	20,544	-	97,337		7,186	-	2,653	5,234	20,733	9,336	2,081	2,378	167,482
Support Services:													
Personal Services-Employee Bene.	2,861												2,861
Purchased Profess. & Tech Svcs			3,557			9,974							13,531
Purchased Profess. Educ. Svcs		9,950	98,330	13,350									121,630
Other Purchased Services		6,962											6,962
Supplies and Materials			15,801									1,000	16,801
Total Support Services	2,861	16,912	117,688	13,350	-	9,974	-	-	-	-	-	1,000	161,785
TOTAL EXPENDITURES	\$ 23,405	\$ 16,912	\$ 215,025	\$ 13,350	\$ 7,186	\$ 9,974	\$ 2,653	\$ 5,234	\$ 20,733	\$ 9,336	\$ 2,081	\$ 3,378	\$ 329,267
Total Outflows	\$ 23,405	\$ 16,912	\$ 215,025	\$ 13,350	\$ 7,186	\$ 9,974	\$ 2,653	\$ 5,234	\$ 20,733	\$ 9,336	\$ 2,081	\$ 3,378	\$ 329,267
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)													

**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.

N/A

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2013

	<u>Original Date</u>	<u>Approval</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2013</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Roof Project Brass Castle and Port Colden Schools	3/26/2012	Board of Education	\$ 302,000	\$ 204,500		\$ 204,500	-
				<u>\$ 204,500</u>	<u>-</u>	<u>\$ 204,500</u>	<u>-</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2013

Revenues and Other Financing

Sources

Transfer from Capital Reserve	\$ 204,500
Total Revenues	<u>204,500</u>

Expenditures and Other Financing

Sources

Other Return Funds to Capital Reserve	1,500
Construction Services	203,000
Total Expenditures	<u>\$ 204,500</u>

Excess(deficiency) of revenues over(under) expenditures -

Fund Balance - Beginning -

Fund Balance - Ending -

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
BRASS CASTLE AND PORT COLDEN ROOFING PROJECT

From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfers from Capital Reserve		\$ 204,500	\$ 204,500	\$ 204,500
Total Revenues	-	204,500	204,500	204,500
Expenditures and Other Financing Sources				
Transfer Return Funds to Capital Reserve		1,500	1,500	1,500
Construction Services		203,000	203,000	203,000
Total Expenditures	-	\$ 204,500	\$ 204,500	\$ 204,500
Excess(deficiency) of revenues over(under) expenditures	-	-	-	

Project Fund Balance, 6/30/13 -

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$302,000
Additional Authorized Cost	-\$97,500
Revised Authorized Cost	\$204,500
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	12/31/2012
Revised Target Completion Date	12/31/2012

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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

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

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

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	STUDENT ACTIVITY	AGENCY FUNDS SCHOOL HOUSE FUND	PAYROLL AGENCY	TOTALS
ASSETS:					
Cash and Cash Equivalents	\$128,769	\$ 18,892	\$2,230	\$ 1,809	\$ 151,700
TOTAL ASSETS	128,769	18,892	2,230	1,809	151,700
LIABILITIES:					
Liabilities:					
Accounts Payable				1,518	1,518
Interfund Payable				291	291
Payable to Student Groups		18,892			18,892
Total Liabilities		18,892		1,809	20,701
NET POSITION					
Held in Trust for School Restoration			2,230		2,230
Held in Trust for Unemployment Claims and Other Purposes	128,769				128,769
TOTAL LIABILITIES AND NET POSITION	128,769	\$ 18,892	\$2,230	\$ 1,809	\$ 151,700

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2013

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Employer	\$ 27,500	\$ 27,500
Plan Member	<u>18,233</u>	<u>18,233</u>
Total Contributions	<u>45,733</u>	<u>45,733</u>
Investment Earnings:		
Interest	\$ 237	\$ 237
Net Investment Earnings	<u>237</u>	<u>237</u>
Total Additions	<u>45,970</u>	<u>45,970</u>
DEDUCTIONS		
Unemployment Claims	<u>6,148</u>	<u>6,148</u>
Total Deductions	<u>6,148</u>	<u>6,148</u>
Change in Net Position	<u>39,822</u>	<u>39,822</u>
Net Position—Beginning of the Year	<u>88,947</u>	<u>88,947</u>
Net Position—End of the Year	<u>\$ 128,769</u>	<u>\$ 128,769</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>ACTIVITY</u>	<u>BALANCE July 1, 2012</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2013</u>
Interest Income		\$ (2)	\$ 2		
Class Trips	\$ 3,983	1	19,598	\$ 23,053	\$ 529
Stokes Trip	5,061	1	12,735	11,659	6,138
6th Grade - NYC	(522)		21,053	18,503	2,028
Publishing Co.	23		979	943	59
Family Assistance	1,299		667	640	1,326
Port Colden	3,530		58	58	3,530
Brass Castle	5,339		270	327	5,282
Angie C Account	387			387	-
Totals	\$ 19,100	-	\$ 55,362	\$ 55,570	\$ 18,892

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit H-4

	<u>BALANCE</u> <u>July 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 11,359	\$ 6,067,540	\$ 6,077,090	\$ 1,809
Total Assets	<u>\$ 11,359</u>	<u>\$ 6,067,540</u>	<u>\$ 6,077,090</u>	<u>\$ 1,809</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 10,944	\$ 2,560,823	\$ 2,571,526	\$ 241
Interfund Payable-Current Fund		291		291
Accrued Net Payroll	415	3,506,426	3,505,564	1,277
Total Liabilities	<u>\$ 11,359</u>	<u>\$ 6,067,540</u>	<u>\$ 6,077,090</u>	<u>\$ 1,809</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-5

**SCHEDULE OF ACTIVITY
PORT COLDEN SCHOOL HOUSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	PORT COLDEN SCHOOL HOUSE FUND
ADDITIONS	
Investment Earnings:	
Interest	\$ 4
Net Investment Earnings	<u>4</u>
Total Additions	<u>4</u>
DEDUCTIONS	
Total Deductions	<u>-</u>
Change in Net Position	4
Net Position—Beginning of the Year	<u>2,226</u>
Net Position—End of the Year	<u>\$ 2,230</u>

LONG-TERM DEBT SCHEDULES

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

N/A

Washington Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	65-70
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	71-74
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	75-78
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	79-80
Operating Information (J-16 thru J-20) 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.	81-85

Sources:

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

**Washington Township School District
Net Position by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,522,558	\$ 1,613,137	\$ 1,695,399	\$ 2,175,663	\$ 240,766	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487
Restricted	98,281	97,189	397,685	591,169	843,169	262,026	108,626	451,341	547,888	263,739
Unrestricted	326,755	446,726	243,319	554,801	320,338	463,549	690,421	183,978	273,494	205,474
Total governmental activities net position	<u>\$ 1,947,594</u>	<u>\$ 2,157,052</u>	<u>\$ 2,336,403</u>	<u>\$ 3,321,633</u>	<u>\$ 1,404,273</u>	<u>\$ 3,587,059</u>	<u>\$ 3,731,215</u>	<u>\$ 3,723,454</u>	<u>\$ 3,740,782</u>	<u>\$ 3,418,700</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 20,963	\$ 16,583	\$ 12,203	\$ 7,823	\$ 3,443					
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,583	8,307	12,137	7,407	28,240	43,107	59,359	68,513	20,746	31,456
Total business-type activities net position	<u>\$ 29,546</u>	<u>\$ 24,890</u>	<u>\$ 24,340</u>	<u>\$ 15,230</u>	<u>\$ 31,683</u>	<u>\$ 43,107</u>	<u>\$ 59,359</u>	<u>\$ 68,513</u>	<u>\$ 20,746</u>	<u>\$ 31,456</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,543,521	\$ 1,629,720	\$ 1,707,602	\$ 2,183,486	\$ 2,044,209	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487
Restricted	98,281	97,189	397,685	591,169	843,169	262,026	108,626	451,341	547,888	263,739
Unrestricted	335,338	455,033	255,456	562,211	348,578	506,656	749,780	252,491	294,240	236,930
Total district net position	<u>\$ 1,977,140</u>	<u>\$ 2,181,942</u>	<u>\$ 2,360,743</u>	<u>\$ 3,336,866</u>	<u>\$ 3,235,956</u>	<u>\$ 3,630,166</u>	<u>\$ 3,790,574</u>	<u>\$ 3,791,967</u>	<u>\$ 3,761,528</u>	<u>\$ 3,450,156</u>

Source: CAFR Schedule A-1

Washington Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,310,917	\$ 3,131,398	\$ 3,197,796	\$ 3,380,622	\$ 3,546,670	\$ 3,326,943	\$ 3,820,901	\$ 3,681,459	\$ 3,713,834	\$ 4,036,063
Special education	647,677	627,009	656,937	652,181	818,657	748,356	857,460	723,499	892,181	859,000
Other special education	50,863	111,588	69,153	176,579	242,910	296,009	287,136	364,604	321,802	441,030
Support Services:										
Tuition	57,208	55,162	81,078	84,735	107,759	24,823	3,450	-	3,938	-
Student & instruction related services	1,159,777	1,419,874	1,584,360	1,664,902	1,753,010	1,576,498	1,534,277	1,589,623	1,739,413	1,780,001
General administrative services	442,955	517,353	575,941	593,256	594,291	569,845	590,094	584,792	661,965	656,101
School administrative services	362,799	364,307	347,602	420,628	430,165	412,428	455,652	452,437	458,119	467,760
Business administrative services										
Plant operations and maintenance	642,988	746,335	789,233	691,484	749,127	729,122	724,476	719,761	780,706	896,091
Pupil transportation	500,046	528,820	556,795	614,116	624,255	566,907	524,910	539,038	505,047	523,298
Non-Budgeted Contributions										
Special Schools										
Charter Schools										
Interest on long-term debt	80,066	66,941	53,816	40,612	26,800	11,816	-	-	-	-
Unallocated depreciation	92,014	92,014	93,069	93,931	95,363	95,363	97,863	104,762	104,762	104,762
Total governmental activities expenses	<u>7,347,310</u>	<u>7,660,801</u>	<u>8,005,780</u>	<u>8,413,046</u>	<u>8,989,007</u>	<u>8,358,110</u>	<u>8,896,219</u>	<u>8,759,975</u>	<u>9,181,767</u>	<u>9,764,106</u>
Business-type activities:										
Food service	149,159	134,376	136,056	146,571	141,701	147,833	155,503	145,594	137,334	131,815
Child Care					34,748	50,111	40,104	54,658	96,544	54,358
Total business-type activities expense	<u>149,159</u>	<u>134,376</u>	<u>136,056</u>	<u>146,571</u>	<u>176,449</u>	<u>197,944</u>	<u>195,607</u>	<u>200,252</u>	<u>233,878</u>	<u>186,173</u>
Total district expenses	<u>\$ 7,496,469</u>	<u>\$ 7,795,177</u>	<u>\$ 8,141,836</u>	<u>\$ 8,559,617</u>	<u>\$ 9,165,456</u>	<u>\$ 8,556,054</u>	<u>\$ 9,091,826</u>	<u>\$ 8,960,227</u>	<u>\$ 9,415,645</u>	<u>\$ 9,950,279</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)										
Business and other support services			58,188	45,000	50,000	50,600	68,069	60,254	60,222	\$ 105,915
Operating grants and contributions	\$ 3,384,625	\$ 3,560,979	\$ 3,647,602	\$ 4,014,421	\$ 4,101,427	\$ 3,749,063	\$ 3,950,227	\$ 3,478,335	\$ 3,812,230	3,871,122
Capital grants and contributions										-
Total governmental activities program revenues	<u>3,384,625</u>	<u>3,560,979</u>	<u>3,705,790</u>	<u>4,059,421</u>	<u>4,151,427</u>	<u>3,799,663</u>	<u>4,018,296</u>	<u>3,538,589</u>	<u>3,872,452</u>	<u>3,977,037</u>
Business-type activities:										
Charges for services										
Food service	98,393	101,095	105,523	108,144	102,511	105,545	113,345	100,704	84,103	84,987
Child care	-	-	-	-	60,468	65,161	56,674	63,618	48,557	66,526
Operating grants and contributions	28,780	28,625	29,983	29,251	29,246	32,656	39,295	41,902	40,445	45,369
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>127,173</u>	<u>129,720</u>	<u>135,506</u>	<u>137,395</u>	<u>192,225</u>	<u>203,362</u>	<u>209,314</u>	<u>206,224</u>	<u>173,105</u>	<u>196,882</u>
Total district program revenues	<u>\$ 3,511,798</u>	<u>\$ 3,690,699</u>	<u>\$ 3,841,296</u>	<u>\$ 4,196,816</u>	<u>\$ 4,343,652</u>	<u>\$ 4,003,025</u>	<u>\$ 4,227,610</u>	<u>\$ 3,744,813</u>	<u>\$ 4,045,557</u>	<u>\$ 4,173,919</u>
Net (Expense)/Revenue										
Governmental activities	\$ (3,962,685)	\$ (4,099,822)	\$ (4,299,990)	\$ (4,353,625)	\$ (4,837,580)	\$ (4,558,447)	\$ (4,877,923)	\$ (5,221,386)	\$ (5,309,315)	\$ (5,787,069)
Business-type activities	(21,986)	(4,656)	(550)	(9,176)	15,776	5,418	13,707	5,972	(60,773)	10,709
Total district-wide net expense	<u>\$ (3,984,671)</u>	<u>\$ (4,104,478)</u>	<u>\$ (4,300,540)</u>	<u>\$ (4,362,801)</u>	<u>\$ (4,821,804)</u>	<u>\$ (4,553,029)</u>	<u>\$ (4,864,216)</u>	<u>\$ (5,215,414)</u>	<u>\$ (5,370,088)</u>	<u>\$ (5,776,360)</u>

Continued

Washington Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,968,353	\$ 4,044,207	\$ 4,233,040	\$ 4,628,909	\$ 4,880,734	\$ 4,880,734	\$ 4,880,734	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521
Taxes levied for debt service	182,239	170,849	163,683	157,939	162,534	162,534	162,534	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	16,916	31,604	66,706	101,020	77,691	77,691	77,691	9,203	5,252	3,853
Miscellaneous income	52,537	62,619	15,912	304,459	55,134	55,134	55,134	9,147	46,981	20,613
Transfers	-	-	-	-	-	-	-	(3,166)	(13,000)	-
Total governmental activities	<u>4,220,045</u>	<u>4,309,279</u>	<u>4,479,341</u>	<u>5,192,327</u>	<u>5,176,093</u>	<u>5,176,093</u>	<u>5,176,093</u>	<u>5,213,625</u>	<u>5,326,643</u>	<u>5,464,987</u>
Business-type activities:										
Investment earnings	-	-	-	66	677	677	677	16	6	1
Transfers	-	-	-	-	-	-	-	3,166	13,000	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>677</u>	<u>677</u>	<u>677</u>	<u>3,182</u>	<u>13,006</u>	<u>1</u>
Total district-wide	<u>\$ 4,220,045</u>	<u>\$ 4,309,279</u>	<u>\$ 4,479,341</u>	<u>\$ 5,192,393</u>	<u>\$ 5,176,770</u>	<u>\$ 5,176,770</u>	<u>\$ 5,176,770</u>	<u>\$ 5,216,807</u>	<u>\$ 5,339,649</u>	<u>\$ 5,464,988</u>
Change in Net Position										
Governmental activities	\$ 257,360	\$ 209,457	\$ 179,351	\$ 838,702	\$ 338,513	\$ 617,646	\$ 298,170	\$ (7,761)	\$ 17,328	\$ (322,082)
Business-type activities	(21,986)	(4,656)	(550)	(9,110)	16,453	6,095	14,384	9,154	(47,767)	10,710
Total district	<u>\$ 235,374</u>	<u>\$ 204,801</u>	<u>\$ 178,801</u>	<u>\$ 829,592</u>	<u>\$ 354,966</u>	<u>\$ 623,741</u>	<u>\$ 312,554</u>	<u>\$ 1,393</u>	<u>\$ (30,439)</u>	<u>\$ (311,372)</u>

Source: CAFR Schedule A-2

**Washington Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 305,191	\$ 296,812	\$ 409,016	\$ 850,701	\$ 881,676	\$ 437,299	\$ 432,803	\$ 601,570	\$ 865,613	\$ 520,796
Unreserved	233,636	341,372	323,580	113,305	108,929	(29,448)	43,233	68,989	(14,751)	10,637
Total general fund	<u>\$ 538,827</u>	<u>\$ 638,184</u>	<u>\$ 732,596</u>	<u>\$ 964,006</u>	<u>\$ 990,605</u>	<u>\$ 407,851</u>	<u>\$ 476,036</u>	<u>\$ 670,559</u>	<u>\$ 850,862</u>	<u>\$ 531,433</u>
All Other Governmental Funds										
Reserved				\$ 70,375	\$ 36,759	\$ 86,821	\$ 331,091			
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund	\$ 2,112			189,713	186,963	269,443	31,500			
Trust and agency fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,112</u>	<u>-</u>	<u>-</u>	<u>\$ 260,088</u>	<u>\$ 223,722</u>	<u>\$ 356,264</u>	<u>\$ 362,591</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

**Washington Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Tax levy	\$ 4,150,592	\$ 4,215,056	\$ 4,396,723	\$ 4,786,848	\$ 5,043,268	\$ 4,901,723	\$ 4,997,216	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521
Tuition charges	3,715	9,657	16,188	-	-	-	-	-	-	-
Interest earnings	1,084	1,020	4,300	11,484	22,000	5,000	5,000	1,300	900	450
Miscellaneous	64,654	83,546	120,318	438,995	160,825	90,710	90,432	77,304	111,555	129,931
State sources	3,189,734	3,350,039	3,438,883	3,800,229	3,880,673	3,813,131	3,366,572	3,270,228	3,446,295	3,592,084
Federal sources	194,891	210,940	208,719	214,193	220,754	195,234	583,655	208,107	365,935	279,038
Total revenue	7,604,670	7,870,258	8,185,131	9,251,749	9,327,520	9,005,798	9,042,875	8,755,380	9,212,095	9,442,024
Expenditures										
Instruction										
Regular Instruction	2,680,606	2,551,766	2,571,090	2,595,290	2,691,869	2,704,680	2,933,834	2,806,262	2,767,755	2,948,907
Special education instruction	528,790	511,378	530,312	504,329	640,688	612,031	665,250	558,816	673,503	643,433
Other special instruction	41,527	91,009	55,824	136,548	190,103	242,086	222,771	281,613	242,927	330,353
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	46,707	44,989	65,450	65,525	84,333	20,301	2,677	-	2,973	-
Student & instruction related services	946,890	1,158,025	1,278,975	1,287,463	1,371,920	1,286,168	1,190,350	1,227,792	1,313,075	1,333,308
General administrative services	361,647	421,944	464,928	458,763	465,097	466,039	457,817	451,681	499,714	491,452
School administrative services	258,181	259,100	273,248	290,418	308,597	309,244	322,008	291,037	287,416	291,959
Plant operations and maintenance	524,292	608,028	635,455	533,069	584,489	594,517	560,292	554,145	587,567	669,432
Pupil transportation	405,858	428,897	447,073	472,494	488,547	463,636	407,245	415,917	380,833	391,551
Unallocated employee benefits	1,317,076	1,383,468	1,514,802	1,876,766	1,918,622	1,746,309	1,954,880	1,949,218	2,211,422	2,417,284
Transfer to Charter School	-	-	-	8,956	16,029	17,378	20,886	13,394	6,739	-
Capital Outlay	163,170	69,733	22,012	316,161	354,141	775,445	231,361	362,915	38,213	237,035
Debt service:										
Principal	175,000	175,000	175,000	180,000	200,000	199,000	-	-	-	-
Interest and other charges	82,800	69,675	56,550	43,425	29,925	14,925	-	-	-	-
Total expenditures	7,532,544	7,773,012	8,090,719	8,760,251	9,337,287	9,450,410	8,965,863	8,920,282	9,018,792	9,761,453
Excess (Deficiency) of revenues over (under) expenditures	72,126	97,246	94,412	491,498	(9,767)	(444,612)	77,012	(164,902)	193,303	(319,429)
Other Financing Sources (uses)										
Transfers in	-	-	-	-	-	-	-	-	-	204,500
Transfers out	-	-	-	-	-	(5,600)	(2,500)	(3,166)	(13,000)	(204,500)
Total other financing sources (uses)	-	-	-	-	-	(5,600)	(2,500)	(3,166)	(13,000)	-
Net change in fund balances	\$ 72,126	\$ 97,246	\$ 94,412	\$ 491,498	\$ (9,767)	\$ (450,212)	\$ 74,512	\$ (168,068)	\$ 180,303	\$ (319,429)
Debt service as a percentage of noncapital expenditures	3.5%	3.2%	2.9%	2.6%	2.6%	2.5%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Cap. Reserve</u> <u>Account</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Transportation</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 15,832	\$ 1,084	\$ 9,035		\$ 36,000	\$ 3,715	\$ 3,787	\$ 69,453
2005	30,584	1,020	11,082		41,210	9,657	670	94,223
2006	62,406	4,300	15,387		42,000	16,188	525	140,806
2007	89,536	11,484	29,899		45,000		760	176,679
2008	55,691	22,000	37,479		50,000	16,441	1,214	182,825
2009	17,681	5,000	14,871		50,600		6,670	94,822
2010	11,899	5,000	9,552		68,069		440	94,960
2011	7,903	1,300	5,045		60,254		1,542	76,044
2012	4,352	900	2,749		60,222		41,271	109,494
2013	3,403	450	5,212		81,674	24,241	11,963	126,943

SOURCE: District Records

Washington Township School District
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004	\$27,306,200	\$458,299,999	\$20,257,600	\$2,176,900	\$61,685,500	\$4,014,200	\$1,880,300	\$634,552,472	\$56,390,248	\$2,541,525	\$578,162,224	\$0.715	\$535,231,821
2005	26,694,000	481,071,299	21,021,700	2,581,575	62,827,800	4,014,200	1,880,300	656,068,616	53,391,248	2,586,494	602,677,368	0.697	613,917,480
2006	19,982,500	508,931,299	21,757,600	2,527,750	66,999,100	3,807,200	1,880,300	681,810,811	54,149,448	1,775,614	627,661,363	0.699	683,634,930
2007	14,628,800	536,884,999	22,414,900	2,476,950	64,846,300	3,501,200	1,880,300	703,760,363	55,543,393	1,583,521	648,216,970	0.743	775,005,637
2008	12,837,300	549,201,899	22,711,000	2,359,325	66,817,300	3,501,200	1,880,300	719,898,703	58,981,148	1,609,231	660,917,555	0.763	868,978,308
2009	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	725,579,495	57,633,148	1,451,823	667,946,347	0.734	916,654,088
2010	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	730,065,657	57,381,248	1,532,660	672,684,409	0.743	929,965,653
2011	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	731,464,521	57,198,448	1,538,722	674,266,073	0.771	907,913,314
2012	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	735,914,452	57,883,448	1,351,053	678,031,004	0.780	870,082,342
2013	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	737,267,062	57,795,648	1,122,413	679,471,414	0.801	826,466,429

Source: District records Tax list summary & 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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Washington Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Washington Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Washington Township	Library	Warren County	
2004	\$0.682	\$0.033	\$0.715	\$0.908	\$0.365	\$0.050	\$0.578	\$2.616
2005	\$0.667	\$0.030	\$0.697	\$0.811	\$0.363	\$0.054	\$0.622	\$2.547
2006	\$0.672	\$0.027	\$0.699	\$0.835	\$0.379	\$0.057	\$0.647	\$2.617
2007	\$0.715	\$0.028	\$0.743	\$0.908	\$0.395	\$0.062	\$0.675	\$2.783
2008	\$0.739	\$0.024	\$0.763	\$0.940	\$0.415	\$0.068	\$0.734	\$2.920
2009	\$0.711	\$0.023	\$0.734	\$0.892	\$0.451	\$0.072	\$0.764	\$2.913
2010	\$0.743	\$0.000	\$0.743	\$0.944	\$0.469	\$0.072	\$0.769	\$2.997
2011	\$0.771	\$0.000	\$0.771	\$0.989	\$0.495	\$0.065	\$0.760	\$3.080
2012	\$0.780	\$0.000	\$0.780	\$0.999	\$0.552	\$0.006	\$0.808	\$3.145
2013	\$0.801	\$0.000	\$0.801	\$1.073	\$0.572	\$0.058	\$0.766	\$3.270

Source: District Records and Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

**Washington Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2012			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$12,649,400	1	1.86%			
Washington Shopping Centers, Inc.-A&P	7,965,900	2	1.17%	\$ 5,125,600	1	1.38%
Desapio Properties, #3, LLC	3,499,300	3	0.52%			
Ed Mark 31, LLC	3,243,900	4	0.48%			
Fitzgibbon, Smith & Smith	3,134,900	5	0.46%			
Village Supermarket - Shop-Rite	2,778,200	6	0.41%	2,491,000	3	0.67%
Washington Realty, LLC	2,221,700	7	0.33%			
Individual Taxpayer #1	1,900,000	8	0.28%			
I. C. Washington Inc., - Eckerd Drug	1,875,400	9	0.28%	2,300,000	4	0.62%
Individual Taxpayer #2	1,862,899	10	0.27%			
Levin Properties, L.P.				2,500,000	2	0.67%
Oakwood Lanes				1,323,800	5	0.36%
Heights Equities, Inc.				1,300,000	6	0.35%
Five Corp. Co.				1,269,200	7	0.34%
Secure Storage Venture II				1,234,800	8	0.33%
Brass Castle Enterprise #1				1,081,700	9	0.29%
Washington Mini-Mall				1,023,900	10	0.28%
Total	\$ 41,131,599		6.05%	\$ 19,650,000		5.29%

Source: District CAFR & Municipal Tax Assessor

**Washington Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$4,150,592	\$4,150,592	100.00%	-
2005	\$4,215,056	\$4,215,056	100.00%	-
2006	\$4,396,723	\$4,396,723	100.00%	-
2007	\$4,786,848	\$4,786,848	100.00%	-
2008	\$5,043,268	\$5,043,268	100.00%	-
2009	\$4,901,723	\$4,901,723	100.00%	-
2010	\$4,997,216	\$4,997,216	100.00%	-
2011	\$5,198,441	\$5,198,441	100.00%	-
2012	\$5,287,410	\$5,287,410	100.00%	-
2013	\$5,440,521	\$5,440,521	100.00%	-

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

Note:

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 is the amount voted upon or certified prior to the end of the school year.

**Washington Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	929,000	-	-	-	-0-	929,000	0.40%	\$141.57
2005	754,000	-	-	-	-0-	754,000	0.30%	\$112.05
2006	579,000	-	-	-	-0-	579,000	0.21%	\$84.32
2007	399,000	-	-	-	-0-	399,000	0.14%	\$57.94
2008	199,000	-	-	-	-0-	199,000	0.07%	\$29.05
2009	-	-	-	-	-0-	-	0.00%	\$0.00
2010	-	-	-	-	-0-	-	0.00%	\$0.00
2011	-	-	-	-	-0-	-	0.00%	\$0.00
2012	-	-	-	-	-0-	-	0.00%	\$0.00
2013	-	-	-	-	-0-	-	0.00%	\$0.00

Source: District CAFR Schedules I-1, I-2

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

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

**Washington Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	\$ 929,000	-0-	\$ 929,000	0.16%	\$ 142 R
2005	\$ 754,000	-0-	\$ 754,000	0.13%	\$ 112 R
2006	\$ 579,000	-0-	\$ 579,000	0.09%	\$ 84 R
2007	\$ 399,000	-0-	\$ 399,000	0.06%	\$ 58 R
2008	\$ 199,000	-0-	\$ 199,000	0.03%	\$ 29 R
2009	-	-0-	-	0.00%	- R
2010	-	-0-	-	0.00%	- R
2011	-	-0-	-	0.00%	- *
2012	-	-0-	-	0.00%	- *
2013	-	-0-	-	0.00%	- *

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Washington Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Township of Washington	\$ 11,020,446	100.000%	\$ 11,020,446
Other debt Warren County	7,645,000	6.911%	<u>528,382</u>
Subtotal, overlapping debt			11,548,828
Washington Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 11,548,828</u></u>

Sources: Township Finance Officer, Warren County Finance Office and Utility Authorities

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 district. 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.

Washington Township School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized valuation basis
	2010 860,925,712
	2011 820,815,079
	2012 780,193,765
	[A] \$ 2,461,934,556
Average equalized valuation of taxable property	[A/3] \$ 820,644,852
Debt limit (3 % of average equalization value)	[B] 24,619,346
Net bonded school debt	[C] -
Legal debt margin	[B-C] \$ 24,619,346

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$16,056,955	\$17,544,176	\$18,895,590	\$22,454,753	\$24,966,669	\$26,696,370	\$27,229,520	\$26,813,338	\$25,830,996	\$ 24,619,346
Total net debt applicable to limit	929,000	754,000	579,000	399,000	199,000	-	-	-	-	-
Legal debt margin	<u>\$15,127,955</u>	<u>\$16,790,176</u>	<u>\$18,316,590</u>	<u>\$22,055,753</u>	<u>\$24,767,669</u>	<u>\$26,696,370</u>	<u>\$27,229,520</u>	<u>\$26,813,338</u>	<u>\$25,830,996</u>	<u>\$24,619,346</u>
Total net debt applicable to the limit as a percentage of debt limit	5.79%	4.30%	3.06%	1.78%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

**Washington Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2004	6,562	\$ 233,679,382	\$35,611 R	2.9%
2005	6,729	\$ 248,589,447	\$36,943 R	4.6%
2006	6,867	\$ 271,191,564	\$39,492 R	5.2%
2007	6,886	\$ 288,275,504	\$41,864 R	4.8%
2008	6,851	\$ 300,258,777	\$43,827 R	6.4%
2009	6,865	\$ 295,682,415	\$43,071 R	11.3%
2010	6,843	\$ 302,344,269	\$44,183 R	11.6%
2011	6,650	\$ 298,837,700	\$44,938 R	10.8%
2012	6,629	\$ 297,894,002	\$44,938 *	10.5%
2013	6,531	\$ 293,490,078	\$44,938 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P =Projected

R =Revised

* Current data unavailable

Washington Township School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15
N/A

Employer	2013			2004		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:
No reliable information is available at the local or county level.

**Washington Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	38.6	38.5	40.6	39.1	39.1	39.0	35.1	38.0	37.0	38.0
Special education	9.0	10.0	10.0	11.9	13.4	12.0	12.5	12.8	11.3	13.8
Other instruction	38.0	35.5	30.0	18.6	19.9	20.3	20.3	15.3	21.1	22.3
Support Services:										
Tuition										
Student & instruction related services	6.5	6.5	6.4	7.0	9.8	9.8	11.2	9.1	9.8	10.5
General administrative services	2.5	2.5	2.5	1.8	1.8	1.7	1.5	2.7	2.7	2.7
School administrative services	4.5	4.5	4.5	4.7	4.7	4.7	4.7	4.5	4.3	4.3
Business administrative services	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Plant operations and maintenance	5.5	5.5	5.5	6.0	6.4	5.4	6.6	6.5	6.5	5.9
Pupil transportation	2.0	2.0	2.0	1.8	2.0	1.6	1.4	1.5	1.5	1.5
Food Service	4.0	4.0	4.0	3.5	3.5	3.8	3.8	3.8	3.8	0.0
Child Care					1.4	1.5	1.5	1.5	1.5	1.5
Total	112.6	111.0	107.5	95.9	103.5	101.3	100.1	97.2	101.0	102.0

Source: District Personnel Records

Washington Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2004	695	\$ 7,111,574	\$ 10,232	-1.56%	58	15:3	666.7	636.7	4.86%	95.5%
2005	669	\$ 7,458,604	\$ 11,149	8.96%	59	13:2	663.7	635.0	-0.27%	95.7%
2006	662	\$ 7,837,157	\$ 11,839	6.19%	51	13:2	662.9	632.3	-0.43%	95.4%
2007	670	\$ 8,220,665	\$ 12,270	3.64%	51	13:1	671.7	643.0	1.69%	95.7%
2008	645	\$ 8,744,265	\$ 13,557	10.49%	53	12:1	651.2	624.1	-2.94%	95.8%
2009	646	\$ 8,445,011	\$ 13,073	-3.57%	52	12:1	638.7	612.2	-1.91%	95.9%
2010	648	\$ 8,717,124	\$ 13,452	2.90%	51	12:1	649.7	620.0	1.72%	95.4%
2011	615	\$ 8,536,481	\$ 13,880	3.18%	51	12:1	613.1	586.4	-5.63%	95.6%
2012	604	\$ 8,967,185	\$ 14,846	6.96%	50	12:1	597.2	570.4	-2.59%	95.5%
2013	600	\$ 9,524,418	\$ 15,874	6.92%	54	11.1:1	596.2	568.3	-0.17%	95.3%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**Washington Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

<u>District Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Elementary</u>										
Brass Castle (1961)										
Square Feet	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400
Capacity (students)	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6
Enrollment	421.6	385.6	372.3	413.8	423.1	390.8	391.0	363.0	356.0	357.0
Port Colden (1932)										
Square Feet	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450
Capacity (students)	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4
Enrollment	245.1	278.1	290.6	257.9	228.1	247.9	257.0	252.0	248.0	239.0
Old School House (District Office)										
Square Feet	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Capacity (students)	N/A									
Enrollment	N/A									

Number of Schools at June 30, 2013

Source: District records, ASSA

Elementary = 2

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2013

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
Brass Castle	040	\$93,535	\$140,350	\$144,823	\$84,734	\$84,898	\$85,035	\$86,547	\$84,366	\$111,056	\$158,490	\$1,073,834
Port Colden	050	64,999	99,259	96,549	56,489	56,599	56,690	57,698	56,244	78,427	111,925	734,879
PC Old Schoolhouse										7,077	10,099	17,176
Total School Facilities		158,534	239,609	241,372	141,223	141,497	141,725	144,245	140,610	189,483	270,415	780,738
Other Facilities												
Grand Total		\$158,534	\$239,609	\$241,372	\$141,223	\$141,497	\$141,725	\$144,245	\$140,610	\$189,483	\$280,514	\$1,818,812

WASHINGTON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2013

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - SAIF		
*Property-Blanket Building and Contents	\$ 250,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Comprehensive Crime Coverage (each loss)	400,000	1,000
Blanket Dishonesty Bond (per loss)	400,000	1,000
BOILER AND MACHINERY - SAIF		
*Property Damage	100,000,000	1,000
UMBRELLA LIABILITY- SAIF		
Umbrella Policy	5,000,000	Per Occurrence
SCHOOL BOARD LEGAL LIABILITY - SAIF		
Directors and Officers Policy	5,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Board Administrator	35,000	
Treasurer	180,000	

* School Alliance Insurance Fund (SAIF)

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA
 Anthony F. Ardito, PA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Washington Township School District
 County of Warren
 Washington, New Jersey 07882

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Washington Township School District Board of Education's basic financial statements, and have issued our report thereon dated October 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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.

-Continued-

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

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 for New Jersey Department of Education use, 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.

Ardito & Co., LLP

ARDITO & CO., LLP

October 8, 2013

Cynthia Corder

Licensed Public School Accountant No.2369



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 Douglas R. Williams, CPA, RMA, PSA
 Anthony F. Ardito, PA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's Circular 04-04

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Washington Township School District
 County of Warren
 Washington, New Jersey 07882

Report on Compliance for Each Major State Program

We have audited the Washington Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2013. The Washington Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

In our opinion, the Washington Township School District 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 state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Washington Township School District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Washington Township School District 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *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 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 New Jersey OMB Circular 04-04, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP
October 8, 2013

Cynthia Corder

Licensed Public School Accountant No.2369

WASHINGTON TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2013

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2012	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2013			MEMO			
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
State Department of Education																
General Fund																
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	\$ 1,667,326			\$ 1,667,326	\$ (1,667,326)							\$	162,769	\$ 1,667,326
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	254,059			254,059	(254,059)							*	24,802	254,059
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	324,630			324,630	(324,630)							*	31,691	324,630
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	45,874			45,874	(45,874)							*	4,479	45,874
Adjustment Aid	13-495-034-5120-085	7/1/12-6/30/13	289,192			289,192	(289,192)							*	28,232	289,192
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	53,704				(53,704)			\$ (53,704)				*		53,704
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12		\$ (70,679)		70,679								*		
Non- Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	4,974				(4,974)			(4,974)				*		4,974
Non- Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	4,706			4,706	(4,706)							*		4,706
On-behalf TPAF Pension Contrib.	13-495-034-5095-001	7/1/12-6/30/13	582,578			582,578	(582,578)							*		582,578
Reimb. TPAF Soc.Secur. Contrib.	13-495-034-5095-002	7/1/12-6/30/13	311,026	(27,690)		282,498	(311,026)			(56,218)				*		311,026
Total General Fund				(98,369)		3,521,542	(3,538,069)			(114,896)				*	251,973	3,538,069
Special Revenue Fund																
N.J. Nonpublic Aid:																
Textbooks Aid	13-100-034-5120-064	7/1/12-6/30/13	7,186	223		7,186	(7,186)		\$ (223)					*		7,186
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	9,974			9,974	(9,974)							*		9,974
Technology Aid	13-100-034-5120-373	7/1/12-6/30/13	2,653			2,653	(2,653)							*		2,653
Auxiliary Services:																
Compensatory Education	13-100-034-512a-067	7/1/12-6/30/13	21,320	26,713		21,320	(20,733)		(26,713)		\$ 587			*		20,733
ESL	13-100-034-512b-067	7/1/12-6/30/13	853			853	-					853		*		-
Handicapped Services:																
Examination and Classification	13-100-034-512b-066	7/1/12-6/30/13	11,941	7,885		11,941	(9,336)		(7,885)			2,605		*		9,336
Corrective Speech	13-100-034-512a-066	7/1/12-6/30/13	5,234			5,234	(5,234)							*		5,234
Supplementary Instruction	13-100-034-512c-066	7/1/12-6/30/13	4,163	1,403		4,163	(2,081)		(1,403)			2,082		*		2,081
Total Special Revenue Fund				36,224		63,324	(57,197)		(36,224)		-	6,127		*		57,197
State Department of Agriculture																
Enterprise Fund:																
Nat.School Lunch Prog.(State Share)	12-100-034-5120-122	7/1/11-6/30/12		(69)		69								*		
Nat.School Lunch Prog.(State Share)	13-100-034-5120-122	7/1/12-6/30/13	1,649			1,522	(1,649)			(127)				*		1,649
Total Enterprise Fund				(69)		1,591	(1,649)			(127)				*		1,649
Total State Financial Assistance				\$ (62,214)		\$ 3,586,457	\$ (3,596,915)		\$ (36,224)	\$ (115,023)		-	\$ 6,127	\$	251,973	\$ 3,596,915

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-4.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral 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 special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$10,017 for the general fund and (\$2,793) for the special revenue fund. 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 3,548,086	\$ 3,548,086
Special Revenue Fund	\$ 279,038	43,998	323,036
Food Service Fund	<u>43,720</u>	<u>1,649</u>	<u>45,369</u>
Total Financial Assistance	<u>\$ 322,758</u>	<u>\$ 3,593,733</u>	<u>\$ 3,916,491</u>

NOTE 4. OTHER

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified

- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? ___ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes
x None
Reported

- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000

- E) Auditee qualified as low-risk auditee? ___ Yes ___ No

- F) Type of auditor's report on compliance for major programs: Unqualified

- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? ___ Yes ___ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ No

- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes ___ No

- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x_yes__no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
 1) Material weakness(es) identified? ___yes_x_no
 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___yes_x_none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ___yes_x_no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

<u>13-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>13-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>13-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>13-495-034-5095-002</u>	<u>Reimbursed TPAF Soc. Security Contrib.</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II-Financial Statement Findings

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.