SCHOOL DISTRICT
OF

WASHINGTON TOWNSHIP

Washington Township School District
Long Valley, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

Comprehensive Annual Financial Report

of the

Washington Township School District

Long Valley, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

Washington Township School District
Business Office

WASHINGTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Washington Township Board of Education

53 West Mill Road, Long Valley, NJ 07853 Phone: 908-876-4172 Fax: 908-876-9392

Jeffrey S. Mohre
Superintendent

Liz George, CPA
Business Administrator

Richard C. Papera
Assistant Superintendent

November 12, 2010

The Honorable President and Members of
the Board of Education
Washington Township School District
Long Valley, New Jersey 07853

Dear Board Members:

The Comprehensive Annual Financial Report of the Washington Township School District (the "District") for the fiscal year ended June 30, 2010, 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 Washington Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES: The Washington Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Washington Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an enrollment of 2,740 students, which is a decrease of 85 students from the previous year's enrollment.

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

Fiscal Year	Student Enrollment	Percent Change
2009-2010	2,740	-3.01%
2008-2009	2,825	-2.55%
2007-2008	2,899	0.48%
2006-2007	2,947	-0.61%
2005-2006	2,960	2.56%
2004-2005	2,946	1.37%

2) ECONOMIC CONDITION AND OUTLOOK: The Washington Township area has experienced a period of development which has resulted in an increased tax base. Given the implementation of the Highlands legislation it is unclear how District growth will be affected.

3) MAJOR INITIATIVES: The District continues its focus on enhancing technology for both staff and student use. Firm alarm upgrades were completed at Long Valley Middle School. In addition the District continues upgrades on curriculum and the provision of professional development.

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

7) DEBT ADMINISTRATION: As of June 30, 2010, the District's outstanding debt totals $15,855,761. This debt consists of serial bonds dated July 15, 2003, in the amount of $15,300,000, for the construction of a new school and improvements at all existing schools authorized by voters though a referendum and capital leases of $555,761.

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

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of Amendments 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

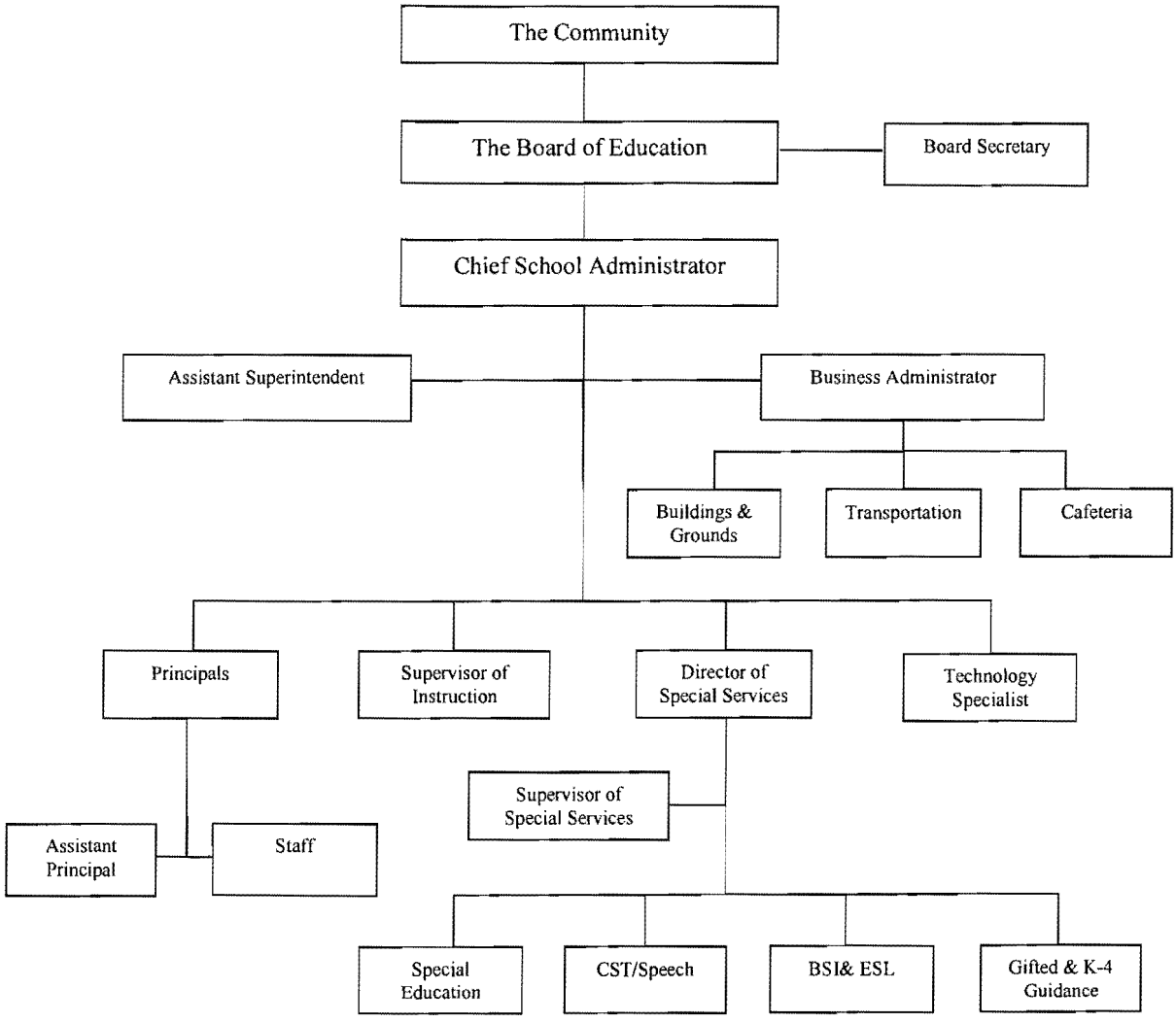
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Washington Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Jeffrey S. Moore
Superintendent

Elizabeth George, CPA
Business Administrator/Board Secretary

Washington Township School District
Long Valley, New Jersey 07853



WASHINGTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2010

Members of the Board of Education	Term Expires
Michael Rec, President	2012
Cathleen Compoli, Vice-President	2013
Gregory Antonelle	2011
Chance Healy	2011
Michelle Skurchak	2011
Peter Graziano	2012
Perry Kwok	2012
Kevin Daly	2013
Kathleen Koop	2013

Other Officers	Title
Jeffrey S. Mohre	Superintendent of Schools
Elizabeth George, CPA	Board Secretary/School Business Administrator

WASHINGTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia & Company LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Adams, Stern, Gutierrez & Lattiboudere, LLC
744 Broad Street, Suite 1600
Newark, NJ 07102
973-735-2742

Official Depository

Commerce Bank
560 Route 22 East
Bridgewater, NJ 08807

FINANCIAL SECTION

NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Mount Arlington Corporate Center
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Mount Arlington, NJ 07856
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Fax: 973-383-6555

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Washington Township School District
Long Valley, New Jersey 07853

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Washington Township School District in the County of Morris as of and for the fiscal year ended June 30, 2010 which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District in the County of Morris as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010 on our consideration of the Board of Education of the Washington Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis section and Budgetary Comparison Information on schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Washington Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations;* and New Jersey OMB's Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, and supplementary schedules listed in the table of contents and schedules of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 12, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis
(Unaudited)

This section of Washington Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status declined on a fund basis and improved slightly on a district-wide basis.
- Overall revenue was $46.64 million.
- Total net assets increased by .30% or $97,433.
- Enrollment in the District has decreased slightly but the cost per pupil remains relatively stable.
- Administrative costs remain at approximately 26% below the northern region average as calculated by the Department of Education.
- The net assets of the District's business-type activity – food services – decreased by almost $17,000.
- The District continued to pay down its debt by retiring $815,000 of outstanding bonds.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Washington Township School District's Financial Report

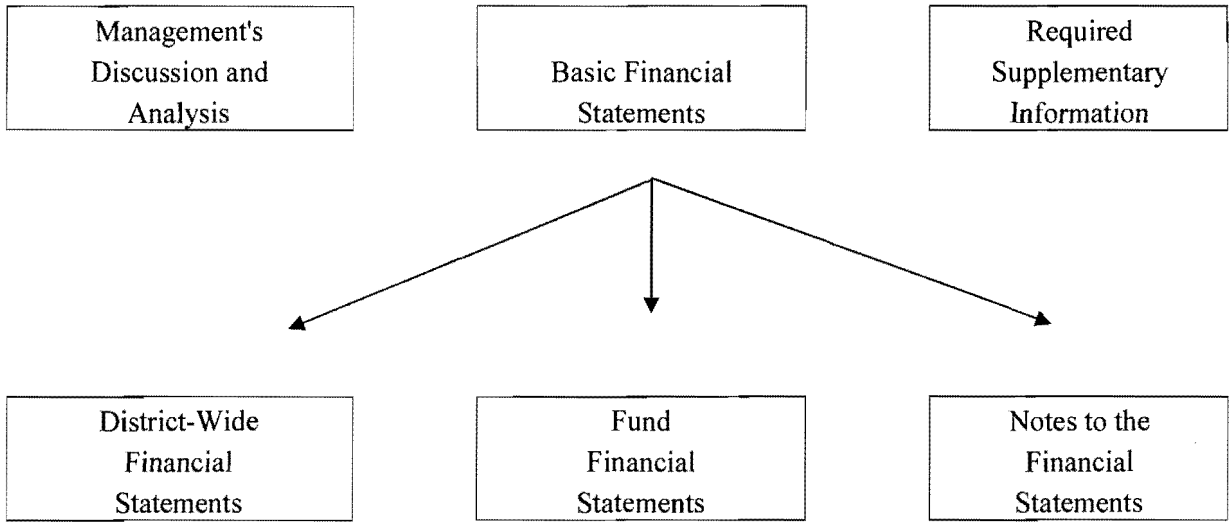

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, transportation services and health benefits	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenue, expenses, changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District utilizes two internal service funds for transportation and health benefits.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements*: The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	Change
Current and Other Assets	$ 5,632,900	$ 6,383,655	$ 127,277	$ 27,876	$ 5,760,177	$ 6,411,531	11.31%
Capital Assets	46,436,328	46,172,436	5,270	46,208	46,441,598	46,218,644	-0.48%
Total Assets	52,069,228	52,556,091	132,547	74,084	52,201,775	52,630,175	0.82%
Long-Term Debt Outstanding	17,867,526	17,255,554			17,867,526	17,255,554	-3.43%
Other Liabilities	1,810,931	2,532,274	107,887	66,383	1,918,818	2,598,657	35.43%
Total Liabilities	19,678,457	19,787,828	107,887	66,383	19,786,344	19,854,211	0.34%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	29,547,500	29,820,731	5,270	46,208	29,552,770	29,866,939	1.06%
Restricted	1,208,618	1,129,535	-	-	1,208,618	1,129,535	-6.54%
Unrestricted	1,634,653	1,817,997	19,390	(38,507)	1,654,043	1,779,490	7.58%
Total Net Assets	$ 32,390,771	$ 32,768,263	$ 24,660	$ 7,701	$ 32,415,431	$ 32,775,964	1.11%

Changes in Net Assets. The District's *combined* net assets were $32,775,964 on June 30, 2010, $360,533 or 1.11% more than they were the year before. (See Figure A-3). The depreciation factored into the net assets of the District's governmental activities as a decrease is $1,059,708. The net assets of the business-type activities decreased $16,959 (See Figure A-4).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Revenue:							
Program Revenue:							
Charges for Services	$ 1,169,059	$ 1,137,693	$ 599,348	$ 611,769	$ 1,768,407	$ 1,749,462	-1.07%
Operating Grants and Contributions	12,227,480	12,667,776	78,857	96,172	12,306,337	12,763,948	3.72%
General Revenue:							
Property Taxes	31,358,932	31,780,156			31,358,932	31,780,156	1.34%
Federal and State Aid Not Restricted		135,600				135,600	
Other	345,851	211,855			345,851	211,855	-38.74%
Total Revenue	45,101,322	45,933,080	678,205	707,941	45,779,527	46,641,021	1.88%
Expenses:							
Instruction	24,551,181	23,881,200			24,551,181	23,881,200	-2.73%
Pupil and Instruction Services	7,074,509	8,852,611			7,074,509	8,852,611	25.13%
Administrative and Business	3,517,313	3,938,434			3,517,313	3,938,434	11.97%
Maintenance and Operations	3,887,870	3,258,174			3,887,870	3,258,174	-16.20%
Transportation	4,971,146	4,919,305			4,971,146	4,919,305	-1.04%
Other	753,083	705,864	690,077	724,900	1,443,160	1,430,764	-0.86%
Total Expenses	44,755,102	45,555,588	690,077	724,900	45,445,179	46,280,488	1.84%
Increase/(Decrease) in Net Assets	$ 346,220	$ 377,492	$ (11,872)	$ (16,959)	$ 334,348	$ 360,533	7.83%

Revenue Sources. The District's total revenue for the 2009/10 school year was $46,641,021. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for $31,780,156 of the total, or 68.14 percent. (See Figure A-5). Another 27.37 percent came from operating grants and contributions the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers.

Figure A-5
Sources of Revenue for Fiscal Year 2010

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	$ 12,763,948	27.37%
Property Taxes	31,780,156	68.14%
Charges for Services	1,749,462	3.75%
Federal and State Aid not Restricted	135,600	0.29%
Other	211,855	0.45%
	$ 46,641,021	100.00%

The total cost of all programs and services was $46,280,488. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.63 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.51 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2010

	Amount	Percentage
Expense Category:		
Instruction	$ 23,881,200	51.60%
Pupil and Instruction Services	8,852,611	19.13%
Administrative and Business	3,938,434	8.51%
Maintenance and Operations	3,258,174	7.04%
Transportation	4,919,305	10.63%
Other	1,430,764	3.09%
	$ 46,280,488	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved primarily as a result of the ongoing capital project. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- Increased use of federal funds for tuition and related service costs.
- Dividends from the District's joint venture for workmen's compensation insurance pool due to prior claim experience and past pool net assets were significant this year.
- Refunds of health benefit premiums due to retrospective rating program utilized by the District.

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

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008/09	2009/10	2009/10	2009/10
Sources of Income:				
Instruction	$ 24,551,181	$ 23,881,200	$ 17,157,678	$13,548,082
Pupil and Instruction Services	7,074,509	8,852,611	5,164,027	7,745,447
Administrative and Business	3,517,313	3,938,434	2,566,611	3,690,758
Maintenance and Operations	3,887,870	3,258,174	2,928,136	3,087,328
Transportation	4,971,146	4,919,305	2,789,028	2,972,640
Other	753,083	705,864	753,083	705,864
	$ 44,755,102	$ 45,555,588	$ 31,358,563	$31,750,119

- The cost of all governmental activities this year was $45.82 million.
- The federal and state governments subsidized certain programs with grants and contributions ($12.9 million).
- Most of the District's costs however, were financed by District taxpayers ($31.78 million).
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity decreased by $16,959. (Refer to Figure A-4). A factor contributing to this result was:

- There was no transfer made to subsidize the food service fund by the general fund in 2010. Expenses of the food service fund also increased from the prior year.

Financial Analysis of the District's Funds

The District's financial position declined as a result of significant changes in the student clientele and difficult economic conditions. Expenditures related to special needs children have increased due to additional students, requiring related services and material needs. Legal fees are higher because of several cases that required payment of deductibles. Salaries of staff have been increased by prior year negotiated agreements and health benefits have had increases. The lack of a state aid increase, a lower ratable increase, the debt service requirement for the 2004 bond issue and the aforementioned required increase in expenditures resulted in a higher tax rate in 2010. The ability to generate fund balance and to have increased ratables is essential since there is not a guaranteed state aid increase.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in student-based needs for related services.
- The creation of an in District special education class.

Capital Assets and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	Change
Land	$ 1,024,701	$ 1,024,701			$ 1,024,701	$ 1,024,701	0.00%
Construction in Progress	28,367,199	28,367,199			28,367,199	28,367,199	0.00%
Site Improvements, Buildings and Building Improvements	15,973,330	15,392,895			15,973,330	15,392,895	-3.63%
Machinery and Equipment	1,071,098	1,387,641	$ 5,270	$ 46,208	1,076,368	1,433,849	33.21%
	$ 46,436,328	$ 46,172,436	$ 5,270	$ 46,208	$ 46,441,598	$ 46,218,644	-0.48%

Long-term Debt

At year-end, the District had $15,300,000 in general obligation bonds outstanding – a reduction of $815,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage
	2008/09	2009/10	Change
Serial Bonds Payable	$ 16,115,000	$ 15,300,000	-5.06%
Capital Leases Payable	773,828	1,051,705	35.91%
Compensated Absenses Payable	978,698	903,849	-7.65%
	$ 17,867,526	$ 17,255,554	-3.43%

- The District continued to pay down its debt, retiring $815,000 of outstanding bonds.
- The District continued to pay down its existing leases, retiring $435,004 of outstanding capital leases.
- The District entered into a lease contract for computer equipment in the amount of $453,491.
- The District entered into a lease contract for three buses in the amount of $259,390.

Factors Bearing on the District's Future Revenue/Expense Changes

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

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year will severely impact our ability to maintain and improve our facilities. In addition, the limitation of unrestricted fund balance to 2% of expenditures reduces the District's ability to respond to emergent conditions and limits the use of fund balance in future budgets.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 53 West Mill Road, Long Valley, New Jersey 07853.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 766,646	$ 15,633	$ 782,279
Cash with Fiscal Agents	1,100,894		1,100,894
Receivables from Other Governments	4,283,039	4,687	4,287,726
Other Receivable	115,405		115,405
Interfund Receivable	5,894		5,894
Unamortized Bond Issuance Costs	111,777		111,777
Inventory		7,556	7,556
Capital Assets:			
Sites (Land) and Construction in Progress	29,391,900		29,391,900
Depreciable Site Improvements, Buildings and Building Improvements and Furniture,	15,392,895		
Machinery and Equipment	1,387,641	46,208	1,433,849
Total Assets	52,556,091	74,084	37,237,280
LIABILITIES			
Accounts Payable - Vendors	1,752,691	59,860	1,812,551
Intergovernmental Payable - Federal	8,264		
Deferred Revenue	36,387	6,523	42,910
Unamortized Premium on Bond Issuance	172,968		172,968
Estimated Liability for Health Claims Incurred but not Reported	561,964		561,964
Noncurrent Liabilities:			
Due Within One Year	1,368,502		1,368,502
Due Beyond One Year	15,887,052		15,887,052
Total Liabilities	19,787,828	66,383	19,845,947
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	29,820,731	46,208	29,866,939
Restricted for:			
Capital Projects	388,335		388,335
Other Purposes	741,200		741,200
Unrestricted/ (Deficit)	1,817,997	(38,507)	1,779,490
Total Net Assets	$ 32,768,263	$ 7,701	$ 32,775,964

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

		Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	$ 17,900,073		$ 8,088,194		$ (9,811,879)		$ (9,811,879)
Special Education	4,817,967		2,149,079		(2,668,888)		(2,668,888)
Other Special Instruction	961,370		79,554		(881,816)		(881,816)
Other Instruction	201,790		16,291		(185,499)		(185,499)
Support Services:							
Tuition	1,459,238		388,425		(1,070,813)		(1,070,813)
Student & Instruction Related Services	7,393,373		718,739		(6,674,634)		(6,674,634)
General Administrative Services	1,125,046		39,838		(1,085,208)		(1,085,208)
School Administrative Services	2,081,896		152,850		(1,929,046)		(1,929,046)
Central Services	630,956		49,674		(581,282)		(581,282)
Administrative Information	100,536		5,314		(95,222)		(95,222)
Plant Operations and Maintenance	3,258,174		170,846		(3,087,328)		(3,087,328)
Pupil Transportation	4,919,305	$ 1,137,693	808,972		(2,972,640)		(2,972,640)
Interest on Long-Term Debt	673,882				(673,882)		(673,882)
Tranfer to Charter School	31,982				(31,982)		(31,982)
Total Governmental Activities	45,555,588	1,137,693	12,667,776	$ -0-	(31,750,119)	$ -0-	(31,750,119)
Business-Type Activities:							
Food Service	724,900	611,769	96,172			(16,959)	(16,959)
Total Business-Type Activities	724,900	611,769	96,172			(16,959)	(16,959)
Total Primary Government	$ 46,280,488	$ 1,749,462	$ 12,763,948	$ -0-	(31,750,119)	(16,959)	(31,767,078)

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					$ 30,279,036		$ 30,279,036
Taxes Levied for Debt Service					1,501,120		1,501,120
Federal and State Aid not Restricted					135,600		135,600
Miscellaneous Income					211,855		211,855
Total General Revenue, Special Items, and Transfers					32,127,611		32,127,611
Change in Net Assets					377,492	$ (16,959)	360,533
Net Assets - Beginning					32,390,771	24,660	32,415,431
Net Assets - Ending					$ 32,768,263	$ 7,701	$ 32,775,964

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Receivables From Other Governments	$ 502,852	$ 135,968	$ 3,644,219	$ 4,283,039
Interfund Receivable	2,886,334			2,886,334
Other Receivable	10,727			10,727
Total Assets	$ 3,399,913	$ 135,968	$ 3,644,219	$ 7,180,100
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	$ 1,223,194	$ 41,693	$ 197,065	$ 1,461,952
Intergovernmental Payable Federal	10	8,254		8,264
Interfund Payable	12,561	49,634	2,830,806	2,893,001
Deferred Revenue		36,387		36,387
Total Liabilities	1,235,765	135,968	3,027,871	4,399,604
Fund Balances:				
Reserved for:				
Encumbrances	112,337		388,335	500,672
Capital Reserve Account	354,887			354,887
Excess Surplus	273,976			273,976
Unreserved Reported in:				
Designated for Subsequent Year's Expenditures	1,231,358			1,231,358
General Fund	191,590			191,590
Capital Projects Fund			228,013	228,013
Total Fund Balances	2,164,148		616,348	2,780,496
Total Liabilities and Fund Balances	$ 3,399,913	$ 135,968	$ 3,644,219	

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $61,990,768 and the accumulated depreciation is $15,818,332.	46,172,436
Internal service funds are used by management to charge the costs of transportation and health benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	1,132,076
Bond Issuance Costs are reported as expenditures in the Governmental Funds. The amount is $223,557 and the amortization is $111,780.	111,777
Premium on Bond Issuance is reported as an expenditure in the Governmental Funds. The amount is $345,938 and the amortization is $172,970.	(172,968)
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	(17,255,554)
Net Assets of Governmental Activities	$ 32,768,263

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	$ 30,279,036	$ -	$ -	$ 1,501,120	$ 31,780,156
Miscellaneous	196,855	40,248	15,000	-	252,103
Total - Local Sources	30,475,891	40,248	15,000	1,501,120	32,032,259
State Sources	10,619,049	-	135,600	-	10,754,649
Federal Sources	1,058,551	949,929	-	-	2,008,480
Total Revenue	42,153,491	990,177	150,600	1,501,120	44,795,388
EXPENDITURES:					
Current:					
Regular Instruction	12,976,727	179,120	-	-	13,155,847
Special Education Instruction	3,315,475	187,407	-	-	3,502,882
Other Special Instruction	687,152	-	-	-	687,152
Other Instruction	145,636	-	-	-	145,636
Support Services and Undistributed Costs:					
Tuition	1,070,813	388,425	-	-	1,459,238
Student & Instruction Related Services	5,082,055	146,603	-	-	5,228,658
General Administrative Services	966,530	-	-	-	966,530
School Administrative Services	1,352,817	-	-	-	1,352,817

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	$ 459,732	$ -	$ -	$ -	$ 459,732
Administrative Information Technology	82,219	-	-	-	82,219
Plant Operations and Maintenance	3,036,578	-	-	-	3,036,578
Pupil Transportation	3,428,405	-	-	-	3,428,405
Unallocated Benefits	9,680,503	-	-	-	9,680,503
Debt Service:					
Principal	-	-	-	815,000	815,000
Interest and Other Charges	-	-	-	686,120	686,120
Transfer to Charter School	31,982	-	-	-	31,982
Capital Outlay	73,311	88,622	192,400	-	354,333
Total Expenditures	42,389,935	990,177	192,400	1,501,120	45,073,632
Excess/(Deficiency) of Revenue over Expenditures	(236,444)	-	(41,800)	-	(278,244)
OTHER FINANCING SOURCES/(USES):					
Transfers In	-	-	561,154	-	561,154
Transfers Out	(561,154)	-	-	-	(561,154)
Total Other Financing Sources/(Uses)	(561,154)	-	561,154	-	
Net Change in Fund Balances	(797,598)		519,354	-	(278,244)
Fund Balance—July 1	2,961,746	-	96,994	-	3,058,740
Fund Balance—June 30	$ 2,164,148	$ -	$ 616,348	$ -	$ 2,780,496

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

Exhibit B-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from B-2)			$ (278,244)
Total Net Change in Fund Balances - Internal Service Funds prior to depreciation expense (from B-5)			479,142
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 differs from depreciation in the period.			
	Depreciation expense	$ (1,059,708)	
	Capital outlays	795,816	
			(263,892)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			74,849
Net bond issuance cost and premium amortization amount.			12,238
Capital Leases issued during the fiscal year			(712,881)
Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.			1,066,280
Change in Net Assets of Governmental Activities			$ 377,492

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

Exhibit B-4

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 15,633	$ 766,646
Cash with Fiscal Agents	-	1,100,894
Accounts Receivable:		
State	493	-
Federal	4,194	-
Other Receivables	-	104,678
Interfund Receivable		12,561
Inventories	7,556	-
Total Current Assets	27,876	1,984,779
Non-Current Assets:		
Capital Assets	337,383	3,707,168
Less: Accumulated Depreciation	(291,175)	(2,886,451)
Total Non-Current Assets	46,208	820,717
Total Assets	74,084	2,805,496
LIABILITIES:		
Current Liabilities:		
Accounts Payable - Vendors	59,860	290,739
Deferred Revenue	6,523	-
Estimated Liability for Health Benefit Claims	-	561,964
Total Current Liabilities	66,383	852,703
Long Term Liabilities:		
Leases Payable	-	495,944
Total Liabilities	66,383	1,348,647
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	46,208	324,773
Unrestricted/(Deficit)	(38,507)	1,132,076
Total Net Assets	$ 7,701	$ 1,456,849

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

Exhibit B-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Food Service	
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs		
School Lunch Program	$ 394,145	
Daily Sales - Non-Reimbursable Programs	217,624	
Charges and Fees		$ 4,006,890
Assessments		5,584,041
Total Operating Revenue	611,769	9,590,931
Operating Expenses:		
Cost of Sales	222,131	
Salaries, Benefits and Payroll Taxes	384,376	2,612,856
Professional and Technical Services	102,425	55,841
Supplies and Repairs	11,420	6,277
Interest Expense on Capital Leases		16,432
Depreciation Expense	4,548	250,581
Maintenance		1,025,159
Provisions for Claims and Claim Adjustment Expense		5,395,224
Total Operating Expenses	724,900	9,362,370
Operating Income/(Loss)	(113,131)	228,561
Non-Operating Income:		
State Sources:		
State School Lunch Program	6,200	
Federal Sources		
National School Lunch Program	51,536	
Special Milk Program	1,470	
Food Distribution Program	36,966	
Total Non-Operating Income	96,172	
Change in Net Assets	(16,959)	228,561
Net Assets - Beginning of Year	24,660	1,228,288
Net Assets - End of Year	$ 7,701	$ 1,456,849

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

Exhibit B-6

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from Customers	$ 611,769	$ 9,504,884
Payments to Employees/Benefits	(144,533)	
Payments for Health Benefits, Claims and Expenses		(5,402,192)
Payments to Food Service Vendor	(563,048)	
Payments to Suppliers	(13,848)	(3,534,517)
Net Cash Provided/(Used) by Operating Activities	(109,660)	568,175
Cash Flows from Noncapital Financing Activities:		
Cash Disbursed for Operating Transfers		500,000
Net Cash Provided by Noncapital Financing Activities		500,000
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal and State Sources	59,343	
Net Cash Provided/(Used) by Noncapital Financing Activities	59,343	
Cash Flows from Capital Financing Activities:		
Acquisition of Equipment	(45,486)	
Capital Lease Payments		(200,156)
Net Cash (Used) for Capital Financing Activities	(45,486)	(200,156)
Net Increase/(Decrease) in Cash and Cash Equivalents	(95,803)	868,019
Cash and Cash Equivalents, July 1	111,436	999,521
Cash and Cash Equivalents, June 30	$ 15,633	$ 1,867,540
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	$ (113,131)	$ 228,561
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:		
Depreciation	4,548	250,581
Interest on Capital Leases		16,432
Federal Food Distribution Program	36,966	
Changes in Assets and Liabilities:		
Decrease in Inventory	3,461	
(Increase)/Decrease in accounts receivable		(86,047)
(Increase)/Decrease in interfund receivable		(12,561)
Increase/(Decrease) in Accounts Payable	(42,922)	178,177
Increase in Deferred Revenue	1,418	
Increase/(Decrease) in Estimated Liability for Health Benefit Claims		(6,968)
Net Cash Provided/(Used) by Operating Activities	$ (109,660)	$ 568,175

Non-Cash Investing, Capital and Financing Activities:
The District received USDA donated commodities valued at $38,384 and used $36,966 of commodities during the year.

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

Exhibit B-7

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Agency Total	Unemployment Compensation Trust
ASSETS:		
Cash and Cash Equivalents	$ 60,600	$ 650,285
Accounts Receivable - State	-	12,661
Total Assets	60,600	662,946
LIABILITIES:		
Payroll Deductions and Withholdings	5,301	-
Due to Student Groups	49,405	-
Interfund Payable	5,894	-
Total Liabilities	60,600	-
NET ASSETS:		
Held in Trust for Unemployment Claims	-	662,946
Total Net Assets	$ -	$ 662,946

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

Exhibit B-8

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Member	$ 38,378
Total Additions	38,378
DEDUCTIONS:	
Unemployment Compensation Claims	33,060
Total Deductions	33,060
Change in Net Assets	5,318
Net Assets - Beginning of the Year	657,628
Net Assets - End of the Year	$ 662,946

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

B. Basis of Presentation: (Cont'd)

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 fun 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.

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.

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

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

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

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

The District reports the following proprietary funds:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

B. Basis of Presentation: (Cont'd)

Internal Service Funds: The District operates two internal service funds for transportation and health benefits. The funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprise.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

The General Fund, Special Revenue Fund and Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of state aid. The District's General Fund and Capital Projects Fund recognize the full amount of the state grants in the year awarded on a budgetary basis. The State is recording the last state aid payments in the subsequent fiscal year for the General Fund, as detailed more fully in Note 1P. On a GAAP basis, Capital Projects Fund state grant revenue is recognized based on grant expenditures.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 42,180,376	$ 990,177
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	843,945	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(870,830)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 42,153,491	$ 990,177

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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

Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 42,389,935	$ 990,177
Differences - Budget to GAAP		
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 42,389,935	$ 990,177

	Capital Projects Fund
Unreserved Fund Balance - Budgetary Basis	$ 378,851
Reserve for Encumbrances	388,335
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	(150,838)
Fund Balance per Governmental Funds (GAAP)	$ 616,348

E. Cash and Cash Equivalents, and Investments:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. 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 source/uses in governmental funds and after non-operating revenue/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.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

K. Capital Assets:

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

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

	Estimated Useful Life
Buildings	40 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2010.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

Deferred revenue represents cash and/or commodities which have been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the $2,164,148 General Fund fund balance at June 30, 2010, $112,337 is reserved for encumbrances, $354,887 is reserved in the capital reserve account; $1,231,358 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; $273,976 is reserved for excess surplus in accordance with N.J.S.A.18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2012 and $191,590 is unreserved and undesignated, which is $870,830 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Capital Projects Fund: Of the $616,348 Capital Projects Fund fund balance at June 30, 2010, $388,335 is reserved for encumbrances and $228,013 is unreserved and undesignated.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2010 as identified above.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by $870,830 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Assets:

The District has a deficit in unrestricted net assets in the food service fund, business type activities. This resulted in the current year due to expenses exceeding revenue and a purchase of capital assets in the food service fund. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under generally accepted accounting principles.

R. Net Assets:

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

S. 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 expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, excess surplus and capital reserve as defined by State law.

T. Revenue - Exchange and Nonexchange Transactions:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the proprietary funds. For the School District, these revenue are sales for food service, assessments for benefits, and charges and fees for transportation. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary funds.

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed below.

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

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

Investments: (Cont'd)

(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(5) Local government investment pools;

(6) Deposits with the State of New Jersey Cash Management Fund; or

(7) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in statute; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Cash With Fiscal Agents	Total
Checking and Savings Accounts	$ 1,493,164		$ 1,493,164
Demand Deposits of US Government Securities		$ 1,100,894	1,100,894
	$ 1,493,164	$ 1,100,894	$ 2,594,058

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2010, was $2,594,058 and the bank balance was $3,229,103. The $1,100,894 cash with fiscal agents is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township of Education by inclusion of $200,100 on June 30, 2002 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	$ 712,641
Less: Transfer to Capital Projects Fund	357,754
Ending Balance, June 30, 2010	$ 354,887

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is equal to or greater than $354,887.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District transferred $76,027 to the capital outlay accounts. The transfer was made for equipment and therefore did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 82,127
Operations and Maintenance of Plant	74,180
General Administration	21,194
Transportation	384,144
Unallocated	498,063
	$ 1,059,708

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	$ 1,024,701			$ 1,024,701
Construction in Progress	28,367,199	-		28,367,199
Total Capital Assets Not Being Depreciated	29,391,900	-		29,391,900
Capital Assets Being Depreciated:				
Site Improvements	1,716,120			1,716,120
Buildings and Building Improvements	25,353,650			25,353,650
Machinery and Equipment	4,733,282	$ 795,816		5,529,098
Total Capital Assets Being Depreciated	31,803,052	795,816		32,598,868
Governmental Activities Capital Assets	61,194,952	795,816	$ -0-	61,990,768
Less Accumulated Depreciation for:				
Site Improvements	(1,280,917)	(81,517)		(1,362,434)
Buildings and Building Improvements	(9,815,523)	(498,918)		(10,314,441)
Machinery and Equipment	(3,662,184)	(479,273)		(4,141,457)
	(14,758,624)	(1,059,708)		(15,818,332)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 46,436,328	$ (263,892)	$ -0-	$ 46,172,436
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 291,897	$ 45,486		$ 337,383
Less: Accumulated Depreciation	(286,627)	(4,548)		(291,175)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	$ 5,270	$ 40,938	$ -0-	$ 46,208

The District had active construction projects totaling $28,367,199 as of June 30, 2010. The projects are the construction of a new elementary school and renovation of other schools in the District. At year end, the District had $197,065 in outstanding construction accounts payable.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2009	Accrued	Retired	Balance 6/30/2010
Compensated Absences Payable	$ 978,698	$144,135	$ 218,984	$ 903,849
Capital Leases Payable	773,828	712,881	435,004	1,051,705
Serial Bonds Payable	16,115,000	-	815,000	15,300,000
	$17,867,526	$857,016	$1,468,988	$ 17,255,554

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2010 as follows:

Maturity Date	Interest Rate	Amount
7/15/2023	2.90% - 5.00%	$ 15,300,000
		$ 15,300,000

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

Year	Principal	Interest	Total
2011	$ 850,000	$ 660,490	$ 1,510,490
2012	880,000	631,277	1,511,277
2013	915,000	599,179	1,514,179
2014	950,000	563,480	1,513,480
2015	995,000	524,580	1,519,580
2016-2020	5,580,000	1,894,250	7,474,250
2021-2023	5,130,000	474,490	5,604,490
	$ 15,300,000	$ 5,347,746	$ 20,647,746

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. GENERAL LONG-TERM DEBT (Cont'd)

B. Bonds Authorized but not Issued:

As of June 30, 2010, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2010, the Board had capital leases payable for the acquisition of buses with a total asset value of $824,552. The capital lease terms are for five years. In fiscal year 2009, the District also entered into leases for the purchase of computers. The amount of the lease for the computers is $1,004,760. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

Year	Amount
2011	$ 448,831
2012	345,298
2013	230,256
2014	55,882
2015	27,941
	1,108,208
Less: Amount representing interest	(56,503)
Present value of net minimum lease payments	$ 1,051,705

The current portion of Capital Leases payable at June 30, 2010 is $418,502 and the long-term portion is $633,203. Capital leases will be liquidated through the general and internal service funds.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is $100,000 and is separated from the long-term liability balance of compensated absences of $803,849.

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, 2010, no liability existed for compensated absences in the Food Service Fund. Compensated absences will be liquidated from their respective fund.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

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

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ - 0 -	100.00%	$ - 0 -
2009	-0-	100.00%	-0-
2008	1,313,597	100.00%	1,313,597

Three-Year Trend for PERS

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 363,046	100.00%	$ 363,046
2009	293,598	100.00%	293,598
2008	244,463	80.00%	195,570

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2009. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2009 are as follows:

20% for payments due in the State fiscal year 2005
Not more than 40% for payments due in the State fiscal year 2006
Not more than 60% for payments due in the State fiscal year 2007
Not more than 80% for payments due in the State fiscal year 2008

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990 c. 6 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to kind 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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a refunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of one percent of the active State payroll.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2010.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to $1,260,024, $1,145,220 and $1,107,847 for 2010, 2009 and 2008, respectively.

NOTE 10. RISK MANAGEMENT

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

Property and Liability

The Washington Township School District is a member of the Morris Essex Insurance Group (the "Group"). The Group provides worker's compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pools that are an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the entities are elected.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the Group is of June 30, 2009 is as follows:

	Morris Essex Insurance Group
Total Assets	$ 6,627,738
Net Assets	$ 2,401,075
Total Revenue	$ 2,733,472
Total Expenses and Adjustments	$ 2,229,493
Change in Net Assets	$ 503,979
Net Assets Distribution to Participating Members	$ 630,209

Financial statements for the Group are available at the entities' Executive Director's Office:

Group:

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675

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, interest earned, 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.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2009-2010	$ -0-	$ 1,723	$ 36,655	$ 33,060	$ 662,946
2008-2009	-0-	4,117	56,434	5,304	657,628
2007-2008	-0-	19,420	30,055	75,132	602,381

NOTE 11. ECONOMIC DEPENDENCY

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 12. ACCRUED LIABILITY FOR HEALTH BENEFITS CLAIMS

The District maintains medical and dental health care insurance with Horizon Blue Cross/Blue Shield ("Horizon"). The insurance plan is a traditionally funded, minimum premium, fully participating plan whereby the District participates in any margins or losses generated by claims experience and holds reserves for its estimated liability for incurred but not reported claims which are calculated by Horizon's actuary.

The accrued liability for health benefits claims represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30 ("IBNR"). This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the District, various other industry statistics, including the effects of inflation and other societal or economic factors, and the District's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess-loss insurance or reinsurance. The District has created a loss reserve for any potential unreported losses which have taken place but in which the District has not received notices or reports of losses. Loss reserves, in the form of IBNR, which have been estimated by the claims administrator, are as follows:

	Fiscal Year Ended June 30,	
	2010	2009
Accrued Liability for Health Benefits Claims, July 1	$ 568,932	$ 502,608
Incurred Claims and Claim Adjustment Expenses	5,395,224	5,100,303
Paid Claims and Claim Adjustment Expenses	(5,402,192)	(5,033,979)
Accrued Liability for Health Benefits Claims, June 30	$ 561,964	$ 568,932

NOTE 13. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 2,886,334	$ 12,561
Special Revenue Fund		49,634
Capital Projects Fund		2,830,806
Internal Service Fund	12,561	
Fiduciary Fund		5,894
	$ 2,898,895	$ 2,898,895

The general fund owes $12,561 to the internal service fund. The special revenue fund owes the general fund $49,634 which covers the cash deficit in special revenue fund due to federal funding not being received by year end. There is a $2,830,806 interfund due from the capital projects fund to the general fund for expenses paid out of general fund and for interest earned in capital projects. Also the capital projects interfund consists of funding paid by the general fund and is due back to the general fund when the state receivable is received.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 14. 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:

VALIC	Lincoln National
Equitable Financial Companies	Lincoln Investment Planning
Fidelity Investments	Siracusa Benefits

NOTE 15. TAX CALENDAR

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

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

NOTE 16. CONTINGENT LIABILITY

Grant Programs

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

Litigation

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

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its $19,100,300 School Bonds dated July 15, 2003. The amount of the liability at June 30, 2010, if any, is unknown.

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 30,279,036		$ 30,279,036	$ 30,279,036	
Interest Earned on Capital Reserve	3,000		3,000		$ (3,000)
Miscellaneous	227,000		227,000	196,855	(30,145)
Total - Local Sources	30,509,036		30,509,036	30,475,891	(33,145)
State Sources:					
Categorical Transportation Aid	1,139,552		1,139,552	806,753	(332,799)
Extraordinary Aid	244,815		244,815	490,590	245,775
Categorical Special Education Aid	1,616,609		1,616,609	1,616,609	
NonPublic Transportation Aid				12,262	12,262
Equalization Aid	5,833,971	$ (1,058,551)	4,775,420	4,775,420	
Categorical Security Aid	212,370		212,370	212,370	
On-Behalf Non Contributory Group Insurance (Non-Budgeted)				67,089	67,089
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,260,024	1,260,024
TPAF Social Security (Reimbursed - Non-Budgeted)				1,404,817	1,404,817
Total State Sources	9,047,317	(1,058,551)	7,988,766	10,645,934	2,657,168
Federal Sources:					
ARRA - ESF		1,019,100	1,019,100	1,019,100	
ARRA- GSF		39,451	39,451	39,451	
Total Federal Sources		1,058,551	1,058,551	1,058,551	
TOTAL REVENUES	39,556,353		39,556,353	42,180,376	2,624,023
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	416,534		416,534	405,295	11,239
Grades 1-5 - Salaries of Teachers	5,924,080	88,509	6,012,589	6,012,589	
Grades 6-8 - Salaries of Teachers	4,944,914	(91,582)	4,853,332	4,822,699	30,633
Regular Programs - Home Instruction:					
Salaries of Teachers	14,880		14,880	5,885	8,995
Other Purchased Services	2,500		2,500	361	2,139

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs- Undistributed Instruction:					
Other Salaries for Instruction	$ 371,315	$ 7,335	378,650	$ 378,650	$
Purchased Professional/Educational Services	17,000	29,345	46,345	46,345	
Other Purchased Services (400-500 series)	548,945	(25,074)	523,871	518,841	5,030
General Supplies	791,324	21,104	812,428	782,627	29,801
Textbooks	5,771		5,771	3,435	2,336
Total Regular Programs - Instruction	13,037,263	29,637	13,066,900	12,976,727	90,173
Special Education - Instruction:					
Learning and/or Language Disabilites:					
Salaries of Teachers	980,880	(14,935)	965,945	959,086	6,859
Other Salaries for Instruction	145,255	39,258	184,513	180,625	3,888
General Supplies	8,733		8,733	8,193	540
Total Learning and/or Language Disabilities	1,134,868	24,323	1,159,191	1,147,904	11,287
Behavioral Disabilities:					
Salaries of Teachers	64,705	(9,590)	55,115	55,050	65
Other Salaries for Instruction	20,330		20,330	19,737	593
General Supplies	2,147		2,147	1,251	896
Total Behavioral Disabilities	87,182	(9,590)	77,592	76,038	1,554
Resource Room/Resource Center:					
Salaries of Teachers	1,287,180	157,344	1,444,524	1,444,524	
Other Salaries for Instruction	334,746	37,825	372,571	372,479	92
General Supplies	17,879	(336)	17,543	15,660	1,883
Total Resource Room/Resource Center	1,639,805	194,833	1,834,638	1,832,663	1,975

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Handicapped - Part-time:					
Salaries of Teachers	$ 179,888	$ 28,060	$ 207,948	$ 206,900	$ 1,048
Other Salaries for Instruction	65,724	(7,976)	57,748	40,814	16,934
General Supplies	13,422		13,422	11,156	2,266
Total Preschool Handicapped - Part-time	259,034	20,084	279,118	258,870	20,248
Total Special Education Instruction	3,120,889	229,650	3,350,539	3,315,475	35,064
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	677,382	(15,976)	661,406	657,166	4,240
General Supplies	3,454		3,454	3,245	209
Total Basic Skills/Remedial - Instruction	680,836	(15,976)	664,860	660,411	4,449
Bilingual Education - Instruction:					
Salaries of Teachers	26,608		26,608	26,608	
General Supplies	650		650	133	517
Total Bilingual Education - Instruction	27,258		27,258	26,741	517
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	68,473	12,274	80,747	80,543	204
Purchased Services	3,690		3,690	1,115	2,575
Supplies and Materials	5,575		5,575	1,040	4,535
Total School-Sponsored Cocurricular Activities - Instruction	77,738	12,274	90,012	82,698	7,314

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	$ 55,720		$ 55,720	$ 53,387	$ 2,333
Other Purchased Services	7,091		7,091	6,093	998
Supplies and Materials	4,247		4,247	3,458	789
Total School-Sponsored Cocurricular Athletics - Instruction	67,058		67,058	62,938	4,120
Total Instruction	17,011,042	$ 255,585	17,266,627	17,124,990	141,637
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	467,739	(335,737)	132,002	107,784	24,218
Tuition to County Vocational School District - Regular	107,328		107,328	86,600	20,728
Tuition to Private Schools for the Handicapped - Within State	1,038,697	(131,354)	907,343	876,429	30,914
Total Undistributed Expenditures - Instruction:	1,613,764	(467,091)	1,146,673	1,070,813	75,860
Attendance & Social Work:					
Salaries	4,368	35	4,403	4,402	1
Total Attendance & Social Work	4,368	35	4,403	4,402	1
Health Services:					
Salaries	485,021	21,208	506,229	506,228	1
Purchased Professional and Technical Services	8,000		8,000	5,000	3,000
Other Purchased Services	3,000		3,000	297	2,703
Supplies and Materials	18,997		18,997	16,354	2,643
Total Health Services	515,018	21,208	536,226	527,879	8,347

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	$ 733,036	$ 132,490	$ 865,526	$ 853,964	$ 11,562
Purchased Professional - Educational Services	822,507	(55,892)	766,615	567,619	198,996
Supplies and Materials	6,252		6,252	4,919	1,333
Total Speech, OT, PT and Related Services	1,561,795	76,598	1,638,393	1,426,502	211,891
Other Support Services - Students - Extraordinary Services:					
Salaries	259,732	(96,004)	163,728	163,728	
Purchased Professional - Educational Services	129,489		129,489	108,578	20,911
Supplies		2,036	2,036	1,990	46
Total Other Support Services - Students - Extraordinary Services	389,221	(93,968)	295,253	274,296	20,957
Guidance:					
Salaries of Other Professional Staff	390,800		390,800	390,800	
Salaries of Secretarial and Clerical Assistants	109,970		109,970	109,969	1
Supplies and Materials	2,471		2,471	2,405	66
Total Guidance	503,241		503,241	503,174	67
Child Study Team:					
Salaries of Other Professional Staff	1,352,016	(104,903)	1,247,113	1,236,676	10,437
Salaries of Secretarial and Clerical Assistants	135,900		135,900	134,821	1,079
Other Purchased Services	20,000		20,000	10,208	9,792
Miscellaneous Purchased Services	5,527	1,000	6,527	6,149	378
Supplies and Materials	17,890	(1,000)	16,890	10,814	6,076
Other Objects	1,800		1,800	1,775	25
Total Child Study Team:	1,533,133	(104,903)	1,428,230	1,400,443	27,787

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	$ 201,314		$ 201,314	$ 196,378	$ 4,936
Salaries of Professional Staff	24,436	$ 14,104	38,540	31,898	6,642
Salaries of Secretarial and Clerical Assistants	62,789	(18,630)	44,159	33,010	11,149
Purchased Professional/Educational Services	2,600	(2,042)	558	558	
Supplies and Materials	7,400	(5,763)	1,637	1,431	206
Total Improvement of Instructional Services	298,539	(12,331)	286,208	263,275	22,933
Educational Media Services/School Library:					
Salaries	466,079	11,126	477,205	476,273	932
Other Purchased Services	26,345		26,345	17,712	8,633
Supplies and Materials	59,625		59,625	54,341	5,284
Total Educational Media Services/School Library	552,049	11,126	563,175	548,326	14,849
Instructional Staff Training Services:					
Other Purchased Services	181,200	232	181,432	133,758	47,674
Total Instructional Staff Training Services	181,200	232	181,432	133,758	47,674
Support Services - General Administration:					
Salaries	361,370		361,370	342,416	18,954
Legal Services	60,000	15,000	75,000	74,555	445
Audit Fees	40,000		40,000	35,900	4,100
Other Purchased Professional Services	3,050		3,050	2,920	130
Communications/Telephone	92,820	(4,300)	88,520	54,714	33,806
Purchased Services	3,000		3,000	1,960	1,040
Miscellaneous Purchased Services	111,626	(3,642)	107,984	107,788	196
General Supplies	17,000	(125)	16,875	7,133	9,742
BOE In-House Training Meeting Supplies	500		500	470	30
Judgements Against the School District		313,354.00	313,354	313,354	
Miscellaneous Expenditures	6,108		6,108	5,520	588
Board of Education Membership Dues and Fees	19,675	125	19,800	19,800	
Total Support Services - General Administration	715,149	320,412	1,035,561	966,530	69,031

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	$ 831,495	$ 3,719	$ 835,214	$ 835,214	
Salaries of Secretarial and Clerical Assistants	485,200		485,200	478,546	$ 6,654
Other Purchased Services	15,499		15,499	12,360	3,139
Supplies and Materials	25,114		25,114	17,449	7,665
Other Objects	10,000		10,000	9,248	752
Total Support Services - School Administration	1,367,308	3,719	1,371,027	1,352,817	18,210
Central Services:					
Salaries	425,927	1,027	426,954	426,954	
Purchased Professional Services	15,000	(1,250)	13,750	1,000	12,750
Other Purchased Professional Services	26,700	10	26,710	20,851	5,859
Supplies and Materials	10,000	(10)	9,990	9,047	943
Miscellaneous Expenses	2,000		2,000	1,880	120
Total Central Services	479,627	(223)	479,404	459,732	19,672
Administrative Information Technology:					
Salaries	45,041	633	45,674	45,674	
Purchased Technical Services	17,940	13,250	31,190	29,944	1,246
Supplies and Materials	7,450		7,450	6,601	849
Total Administrative Information Technology	70,431	13,883	84,314	82,219	2,095
Required Maintenance of School Facilities:					
Salaries	200,820	1,500	202,320	202,266	54
Cleaning, Repair and Maintenance Services	251,413	15,112	266,525	212,643	53,882
General Supplies	50,000	(13,000)	37,000	20,364	16,636
Total Required Maintenance of School Facilities	502,233	3,612	505,845	435,273	70,572

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	$ 1,359,003	$ (64,926)	$ 1,294,077	$ 1,266,178	$ 27,899
Purchased Professional and Technical Services	24,426		24,426	20,207	4,219
Cleaning, Repairs, and Maintenance Services	165,000	1,000	166,000	165,067	933
Rent of Land and Buildings other than Lease Purchase Agreement	15,060		15,060	15,060	
Other Purchased Services	196,500		196,500	196,251	249
Insurance	94,500	7,942	102,442	102,442	
General Supplies	141,476		141,476	138,789	2,687
Energy (Electricity)	857,900	(1,000)	856,900	697,311	159,589
Total Custodial Services	2,853,865	(56,984)	2,796,881	2,601,305	195,576
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	2,869,197		2,869,197	2,869,197	-
Special Education with CSSD's and ESCs	618,577		618,577	509,629	108,948
Aid in Lieu Payments - Charter School Students	54,840		54,840	49,579	5,261
Total Student Transportation Services	3,542,614		3,542,614	3,428,405	114,209
Unallocated Benefits:					
Social Security Contributions	393,699	33,674	427,373	427,260	113
Other Retirement Contributions - Regular	358,260	5,345	363,605	363,046	559
Workmen's Compensation	162,990	13,790	176,780	176,780	
Health Benefits	5,803,876	(140,790)	5,663,086	5,650,756	12,330
Tuition Reimbursement	110,500		110,500	101,107	9,393
Other Employee Benefits	98,000	131,655	229,655	229,624	31
Total Unallocated Benefits	6,927,325	43,674	6,970,999	6,948,573	22,426

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions:					
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				$ 67,089	$ (67,089)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,260,024	(1,260,024)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,404,817	(1,404,817)
Total On-Behalf Contributions				2,731,930	(2,731,930)
Total Personal Services - Employee Benefits	$ 6,927,325	$ 43,674	$ 6,970,999	9,680,503	(2,709,504)
Total Undistributed Expenses	23,610,880	(241,001)	23,369,879	25,159,652	(1,789,773)
TOTAL CURRENT EXPENSE	40,621,922	14,584	40,636,506	42,284,642	(1,648,136)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Other Support Services - Student Regular	3,500		3,500		3,500
Undistributed:					
Operation and Maintenance of Plant Services	3,200	5,692	8,892	5,692	3,200
Total Equipment	6,700	5,692	12,392	5,692	6,700
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	60,000	70,335	130,335	67,619	62,716
Total Facilities Acquisition and Construction Services	60,000	70,335	130,335	67,619	62,716
TOTAL CAPITAL OUTLAY	66,700	76,027	142,727	73,311	69,416

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer To Charter School	$ 61,498		$ 61,498	$ 31,982	$ 29,516
Total Transfer to Charter School	61,498		61,498	31,982	29,516
TOTAL EXPENDITURES	40,750,120	$ 90,611	40,840,731	42,389,935	(1,549,204)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,193,767)	(90,611)	(1,284,378)	(209,559)	1,074,819
Other Financing Sources/(Uses):					
Transfer to Capital Projects Fund- Capital Reserve		(357,754)	(357,754)	(357,754)	
Transfer from Capital Outlay to Capital Projects	(203,400)		(203,400)	(203,400)	
Total Other Financing Sources/(Uses)	(203,400)	(357,754)	(561,154)	(561,154)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,397,167)	(448,365)	(1,845,532)	(770,713)	1,074,819
Fund Balance, July 1	3,805,691		3,805,691	3,805,691	
Fund Balance, June 30	$ 2,408,524	$ (448,365)	$ 1,960,159	$ 3,034,978	$ 1,074,819

Recapitulation:	
Reserve for Encumbrances	$ 112,337
Capital Reserve	354,887
Excess Surplus	273,976
Unreserved Designated for Subsequent Year's Expenditures	1,231,358
Unreserved/Undesignated	1,062,420
	3,034,978
Reconciliation to Governmental Fund Statement (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	(870,830)
Fund Balance per Governmental Funds GAAP	$ 2,164,148

Exhibit C-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	$ 1,279,025		$ 1,279,025	$ 949,929	$ (329,096)
State Sources	1,423		1,423		(1,423)
Local Sources	78,557		78,557	40,248	(38,309)
Total Revenues	1,359,005		1,359,005	990,177	(368,828)
EXPENDITURES:					
Instruction					
Salaries	285,408		285,408	208,782	76,626
Purchased Professional/Technical Services	51,794		51,794	45,000	6,794
Other Purchased Services	388,425		388,425	388,425	
General Supplies	244,058		244,058	112,745	131,313
Total Instruction	969,685		969,685	754,952	214,733
Support Services					
Salaries of Other Professional Staff					
Personal Service - Employee Benefit	21,834		21,834	15,972	5,862
Purchased Professional/Educational Services	181,264		181,264	120,920	60,344
Supplies and Materials	18,222		18,222	9,711	8,511
Total Support Services	221,320		221,320	146,603	74,717
Facilities Acquisition and Construction Services:					
Instructional Equipment	168,000		168,000	88,622	79,378
Total Facilities Acquisition and Construction Services	168,000		168,000	88,622	79,378
Total Expenditures	$ 1,359,005	$ -	$ 1,359,005	$ 990,177	$ 368,828

Exhibit C-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 42,180,376	$ 990,177
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	843,945	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(870,830)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 42,153,491	$ 990,177
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 42,389,935	$ 990,177
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 42,389,935	$ 990,177

Annual appropriated budgets are prepared in the spring of each year for the general,special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. 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. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substanial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employeed as an extension of formal budgetary intergration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind			IDEA PART B		IDEA ARRA		Local	Totals
	Title II A	Title II A PY	Title IV	Preschool	Basic	Preschool	Basic	Grants	June 30, 2010
REVENUE:									
Federal Sources	$ 26,265	$ 19,502	$ 8,351	$ 26,265	$ 570,679	$ 13,990	$ 284,877		$ 949,929
Local Sources								$ 40,248	40,248
Total Revenue	26,265	19,502	8,351	26,265	570,679	13,990	284,877	40,248	990,177
EXPENDITURES:									
Instruction:									
Salaries				24,000	115,000	5,013	64,769		208,782
Purchased Professional/Technical Services					45,000				45,000
Other Purchased Services					388,425				388,425
General Supplies	2,548		8,351	429	2,978	8,594	55,556	34,289	112,745
Total Instruction	2,548		8,351	24,429	551,403	13,607	120,325	34,289	754,952
Support Services:									
Employee Benefits				1,836	8,798	383	4,955		15,972
Purchased Professional/Technical Services	23,717	19,502			6,726		70,975		120,920
Supplies and Materials					3,752			5,959	9,711
Total Support Services	23,717	19,502		1,836	19,276	383	75,930	5,959	146,603
Facilities Acquisition and Construction Services:									
Instructional Equipment							88,622		88,622
Total Facilities Acquisition and Construction Services							88,622		88,622
Total Expenditures	$ 26,265	$ 19,502	$ 8,351	$ 26,265	$ 570,679	$ 13,990	$ 284,877	$ 40,248	$ 990,177

CAPITAL PROJECTS FUND

Exhibit F-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenue and Other Financing Sources:	
State Sources - SDA Grant	$ 374,104
Transfer from Capital Outlay	203,400
Transfer from Capital Reserve	357,754
Refund of Prior Year expenditures	15,000
Total Revenue and Other Financing Sources	950,258
Expenditures and Other Financing Uses:	
Facilities Acquisition and Construction Services	192,400
Total Expenditures	192,400
Excess of Revenue and Other Financing Sources Over Expenditures	757,858
Fund Balance - Beginning of Year	247,832
Fund Balance - End of Year	$ 1,005,690
Recapitulation:	
Unreserved	$ 617,355
Encumbrances	388,335
SDA Grant Receivable not Recognized on a GAAP Basis	(389,342)
Fund Balance GAAP Basis	$ 616,348

Exhibit F-1a

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CONSTRUCTION OF CUCINELLA SCHOOL AND RENOVATIONS TO OTHER SCHOOLS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	$ 6,871,136		$ 6,871,136	$ 6,871,136
Bond Proceeds	19,228,864		19,228,864	19,228,864
Total Revenue and Other Financing Sources	26,100,000		26,100,000	26,100,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,475,282		2,475,282	4,434,000
Facilities Acquisition and Construction Services	22,851,208		22,851,208	20,316,000
Miscellaneous Costs	722,555		722,555	1,350,000
Total Expenditures and Other Financing Uses	26,049,045		26,049,045	26,100,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 50,955	$ -	$ 50,955	$ -

Additional Project Information:

Project Number:	
Construction of Cuccinella School and Renovations Various Schools	5520-n01-03-0432
Grant Date	6/25/2003
Bonds Authorized Date	3/11/2003
Bonds Authorized	$ 19,228,864
Bonds Issued	19,228,864
Original Authorized Cost	26,100,000
Revised Authorized Cost	26,100,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	99.80%
Original Target Completion Date	12/2/2005
Revised Target Completion Date	12/2/2005

Exhibit F-1b

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LONG VALLEY MIDDLE SCHOOL FIRE ALARM PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	$ 135,600	$ 135,600	$ 135,600
Transfer from Capital Outlay	203,400	203,400	203,400
Total Revenue and Other Financing Sources	339,000	339,000	339,000
Expenditures and Other Financing Uses:			
Facilities Acquisition and Construction Services	192,400	192,400	339,000
Total Expenditures and Other Financing Uses	192,400	192,400	339,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 146,600	$ 146,600	$ -

Additional Project Information:

Project Number:	
Grant Date	
Original Authorized Cost	$ 339,000
Revised Authorized Cost	339,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	56.76%
Original Target Completion Date	10/1/2009
Revised Target Completion Date	10/1/2009

Exhibit F-1c

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
EXTERIOR DOOR PROJECT - VARIOUS SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	$ 169,878	$ 169,878	$ 169,878
Capital Reserve	254,814	254,814	254,814
Total Revenue and Other Financing Sources	424,692	424,692	424,692
Expenditures and Other Financing Uses:			
Facilities Acquisition and Construction Services			424,692
Total Expenditures and Other Financing Uses			424,692
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 424,692	$ 424,692	$ -

Additional Project Information:	
Project Number:	5520-080-09-1005
Grant Date	6/15/2010
Original Authorized Cost	$ 424,692
Revised Authorized Cost	424,692
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	12/1/2010
Revised Target Completion Date	12/1/2010

Exhibit F-1d

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
INTERIOR LOCK PROJECT - VARIOUS SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	$ 68,626	$ 68,626	$ 68,626
Capital Reserve	102,940	102,940	102,940
Total Revenue and Other Financing Sources	171,566	171,566	171,566
Expenditures and Other Financing Uses:			
Facilities Acquisition and Construction Services			171,566
Total Expenditures and Other Financing Uses			171,566
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 171,566	$ 171,566	$ -

Additional Project Information:

Project Number:	5520-030-09-1011
Grant Date	6/15/2010
Original Authorized Cost	$ 171,566
Revised Authorized Cost	171,566
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	12/1/2010
Revised Target Completion Date	2/1/2011

PROPRIETARY FUNDS

Exhibit G-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 15,633
Accounts Receivable:	
State	493
Federal	4,194
Inventories	7,556
Total Current Assets	27,876
Non-Current Assets:	
Capital Assets	337,383
Less: Accumulated Depreciation	(291,175)
Total Non-Current Assets	46,208
Total Assets	74,084
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	59,860
Deferred Revenue	6,523
Total Current Liabilities	66,383
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	46,208
Unrestricted/(Deficit)	(38,507)
Total Net Assets	$ 7,701

Exhibit G-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	$ 394,145
Daily Sales - Non-Reimbursable Programs	217,624
Total Operating Revenue	611,769
Operating Expenses:	
Cost of Sales	222,131
Salaries, Benefits & Payroll Taxes	384,376
Professional and Technical Services	102,425
Repairs and Supplies	11,420
Depreciation Expense	4,548
Total Operating Expenses	724,900
Operating Loss	(113,131)
Non-Operating Income:	
State Sources	
State School Lunch Program	6,200
Federal Sources	
National School Lunch Program	51,536
Special Milk Program	1,470
Food Distribution Program	36,966
Total Non-Operating Income	96,172
Change in Net Assets	(16,959)
Net Assets - Beginning of Year	24,660
Net Assets - End of Year	$ 7,701

Exhibit G-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:		
Receipts from Customers	$	611,769
Payments to Employees/Benefits		(144,533)
Payments to Food Service Vendor		(563,048)
Payments to Suppliers		(13,848)
Net Cash Used for Operating Activities		(109,660)
Cash Flows from Capital Finacing Activities:		
Acquisition of Equipment		(45,486)
Net Cash (Used) for Capital Financing Activities		(45,486)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal and State Sources		59,343
Net Cash Provided by Noncapital Financing Activities		59,343
Net Decrease in Cash and Cash Equivalents		(95,803)
Cash and Cash Equivalents, July 1		111,436
Cash and Cash Equivalents, June 30	$	15,633

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(113,131)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:		
Federal Food Distribution Program		36,966
Depreciation		4,548
Changes in Assets and Liabilities:		
Decrease in Inventory		3,461
Increase/(Decrease) in Accounts Payable		(42,922)
Increase in Deferred Revenue		1,418
Net Cash Used for Operating Activities	$	(109,660)

Non-Cash Investing, Capital and Financing Activities:
The District received USDA donated commodities valued at $38,384 and used $36,966 of commodities during the year.

Exhibit G-4

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	Health Benefits	Transportation	Totals
ASSETS:			
Current assets:			
Cash and cash equivalents		$ 766,646	$ 766,646
Cash with fiscal agents	$ 1,100,894		1,100,894
Accounts receivable:			
Intergovernmental		104,678	104,678
Interfund		12,561	12,561
Total current assets	1,100,894	883,885	1,984,779
Non-current assets:			
Capital assets		3,707,168	3,707,168
Less: accumulated depreciation		(2,886,451)	(2,886,451)
Total non-current assets		820,717	820,717
Total assets	1,100,894	1,704,602	2,805,496
LIABILITIES:			
Current Liabilities:			
Accounts payable - vendors		290,739	290,739
Estimated liability for health benefit claims	561,964		561,964
Total current liabilities	561,964	290,739	852,703
Leases payable		495,944	495,944
Total liabilities	561,964	786,683	1,348,647
NET ASSETS:			
Invested in capital assets, net of related debt		324,773	324,773
Unrestricted	538,930	593,146	1,132,076
Total net assets	$ 538,930	$ 917,919	$ 1,456,849

Exhibit G-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Health Benefits	Transportation	Totals
Operating revenue:			
Local Sources:			
Charges and fees		$ 4,006,890	$ 4,006,890
Assessments	$ 5,584,041		5,584,041
Total operating revenue	5,584,041	4,006,890	9,590,931
Operating expenses:			
Salaries, benefits and payroll taxes		2,612,856	2,612,856
Professional and technical services		55,841	55,841
Maintenance		1,025,159	1,025,159
Supplies and materials		6,277	6,277
Interest Expense on Capital Leases		16,432	16,432
Depreciation		250,581	250,581
Provision for claims and claim adjustment expenses	5,395,224		5,395,224
Total operating expenses	5,395,224	3,967,146	9,362,370
Operating income/Change in Net Assets	188,817	39,744	228,561
Operating Transfers:			
Transfer to general fund			
Change in net assets	188,817	39,744	228,561
Net assets - beginning of year	350,113	878,175	1,228,288
Net assets - end of year	$ 538,930	$ 917,919	$ 1,456,849

Exhibit G-6

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Health Benefits	Transportation	Totals
Cash Flows from Operating Activities:			
Receipts from customers	$ 5,584,041	$ 3,920,843	$ 9,504,884
Payments for health benefit claims and expenses	(5,402,192)		(5,402,192)
Payments to suppliers		(3,534,517)	(3,534,517)
Net cash provided/(used) for operating activities	181,849	386,326	568,175
Cash flows from capital and related financing activities:			
Capital lease payments		(200,156)	(200,156)
Net cash flows from capital and related financing activities		(200,156)	(200,156)
Cash Flows from Noncapital Financing Activities:			
Cash disbursed for Operating Transfers		500,000	500,000
Net cash flows from noncapital and related financing activities		500,000	500,000
Net increase in cash and cash equivalents	181,849	686,170	868,019
Cash and cash equivalents, July 1	919,045	80,476	999,521
Cash and cash equivalents, June 30	$ 1,100,894	$ 766,646	$ 1,867,540
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 188,817	$ 39,744	$ 228,561
Adjustment to reconcile operating income to cash provided by operating activities:			
Depreciation		250,581	250,581
Interest Expense on Capital Leases		16,432	16,432
Changes in assets and liabilities:			
(Increase)/decrease in interfund receivable		(12,561)	(12,561)
(Increase)/decrease in accounts receivable		(86,047)	(86,047)
Increase/(decrease) in accounts payable		178,177	178,177
Increase/(decrease) in estimated liability for health benefit claims	(6,968)		(6,968)
Net cash provided by operating activities	$ 181,849	$ 386,326	$ 568,175

FIDUCIARY FUNDS

Exhibit H-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	Agency				Unemployment Compensation Trust
	Student Activity	Payroll	Flexible Spending	Total	
ASSETS:					
Cash and Cash Equivalents	$ 49,405	$ 9,685	$ 1,510	$ 60,600	$ 650,285
Accounts Receivable- State					12,661
Total Assets	49,405	9,685	1,510	60,600	662,946
LIABILITIES:					
Payroll Deductions and Withholdings		3,791	1,510	5,301	
Due to Student Groups	49,405			49,405	
Interfund Payable		5,894		5,894	
Total Liabilities	49,405	9,685	1,510	60,600	
NET ASSETS:					
Held in Trust for Unemployment Claims					662,946
Total Net Assets	$ -	$ -	$ -	$ -	$ 662,946

Exhibit H-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Member	$ 38,378
Total Additions	38,378
DEDUCTIONS:	
Unemployment Compensation Claims	33,060
Total Deductions	33,060
Change in Net Assets	5,318
Net Assets - Beginning of the Year	657,628
Net Assets - End of the Year	$ 662,946

Exhibit H-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	$ 57,602	$ 307,472	$ 315,669	$ 49,405
Total Assets	$ 57,602	$ 307,472	$ 315,669	$ 49,405
LIABILITIES:				
Liabilities:				
Due to Student Groups	$ 57,602	$ 307,472	$ 315,669	$ 49,405
Total Liabilities	$ 57,602	$ 307,472	$ 315,669	$ 49,405

Exhibit H-4

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Elementary Schools:				
Long Valley Middle School	$ 47,749	$ 267,404	$ 277,212	$ 37,941
Kossman	5,875	4,136	4,028	5,983
Old Farmers	769	11,590	10,792	1,567
Flocktown	1,427	10,696	10,489	1,634
Cucinella School	1,782	13,646	13,148	2,280
Total	$ 57,602	$ 307,472	$ 315,669	$ 49,405

Exhibit H-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	$ 9,905	$11,482,459	$11,482,679	$ 9,685
Total Assets	$ 9,905	$ 11,482,459	$ 11,482,679	$ 9,685
LIABILITIES:				
Payroll Deductions and Withholdings	$ 9,905	$ 11,476,565	$ 11,482,679	$ 3,791
Interfund Payable		5,894		5,894
Total Liabilities	$ 9,905	$ 11,482,459	$ 11,482,679	$ 9,685

Exhibit H-6

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FLEXIBLE SPENDING AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	$ 915	$ 3,602	$ 3,007	$ 1,510
Total Assets	$ 915	$ 3,602	$ 3,007	$ 1,510
LIABILITIES:				
Payroll Deductions and Withholdings	$ 915	$ 3,602	$ 3,007	$ 1,510
Total Liabilities	$ 915	$ 3,602	$ 3,007	$ 1,510

LONG-TERM DEBT

Exhibit I-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2010 Date	Amount	Interest Rate	Balance June 30, 2009	Matured	Balance June 30, 2010
New School Construction	7/15/2003	$ 19,100,300	7/15/10	$ 850,000	3.250%	$ 16,115,000	$ 815,000	$ 15,300,000
			7/15/11	880,000	3.500%			
			7/15/12	915,000	3.650%			
			7/15/13	950,000	4.000%			
			7/15/14	995,000	4.000%			
			7/15/15	1,030,000	4.000%			
			7/15/16	1,070,000	5.000%			
			7/15/17	1,115,000	5.000%			
			7/15/18	1,160,000	5.000%			
			7/15/19	1,205,000	5.000%			
			7/15/20	1,225,000	4.600%			
			7/15/21	1,305,000	4.600%			
			7/15/22	1,355,000	4.600%			
			7/15/23	1,245,000	4.600%			
						$ 16,115,000	$ 815,000	$ 15,300,000

Exhibit I-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance June 30, 2009	Issued	Matured	Balance June 30, 2010
Computers	3.77%	$ 551,269	$ 353,548		$ 137,471	$ 216,077
Technology	2.75%	453,491		$ 453,491	113,807	339,684
			$ 353,548	$ 453,491	$ 251,278	$ 555,761

Exhibit I-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 1,501,120		$ 1,501,120	$ 1,501,120	
Total Revenue	1,501,120		1,501,120	1,501,120	
EXPENDITURES:					
Regular Debt Service:					
Interest	686,120		686,120	686,120	
Redemption of Principal	815,000		815,000	815,000	
Total Regular Debt Service	1,501,120		1,501,120	1,501,120	
Total Expenditures	1,501,120		1,501,120	1,501,120	
(Deficiency) of Revenues (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

STATISTICAL SECTION

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,					
	2005	2006	2007	2008	2009	2010
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	$ 17,003,345	$ 23,203,751	$ 24,044,173	$ 28,844,793	$ 29,547,500	$ 29,820,731
Restricted	2,306,638	3,013,460	2,193,842	1,435,940	1,208,618	1,129,535
Unrestricted	142,690	122,471	595,139	1,763,818	1,634,653	1,817,997
Total Governmental Activities Net Assets	$ 19,452,673	$ 26,339,682	$ 26,833,154	$ 32,044,551	$ 32,390,771	$ 32,768,263
Business-type Activities						
Invested in Capital Assets, Net of Related Debt	$ 7,988	$ 6,958	$ 5,928	$ 5,270	$ 5,270	$ 46,208
Unrestricted/(Deficit)	42,440	148,856	78,414	31,262	19,390	(38,507)
Total Business-type Activities Net Assets	$ 50,428	$ 155,814	$ 84,342	$ 36,532	$ 24,660	$ 7,701
District-wide						
Invested in Capital Assets, Net of Related Debt	$ 17,011,333	$ 23,210,709	$ 24,050,101	$ 28,850,063	$ 29,552,770	$ 29,866,939
Restricted	2,306,638	3,013,460	2,193,842	1,435,940	1,208,618	1,129,535
Unrestricted	185,130	271,327	673,553	1,795,080	1,654,043	1,779,490
Total District Net Assets	$ 19,503,101	$ 26,495,496	$ 26,917,496	$ 32,081,083	$ 32,415,431	$ 32,775,964

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

Source: School District Financial Reports

Exhibit J-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS, LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenses						
Governmental Activities						
Instruction						
Regular	$ 16,008,542	$ 16,572,844	$ 17,054,307	$ 17,688,696	17,042,515	17,900,073
Special Education	3,614,137	3,842,737	4,204,788	4,371,942	4,623,113	4,817,967
Other Special Education	740,134	802,683	1,122,137	999,429	922,543	961,370
Other Instruction	158,499	140,563	172,415	174,735	171,935	201,790
Support Services:						
Tuition	841,338	956,291	1,109,851	1,420,506	1,791,074	1,459,238
Student & Instruction Related Services	4,426,732	5,023,525	5,754,136	6,020,895	7,074,509	7,393,373
General Administrative Services	1,175,840	966,842	915,318	970,440	1,082,930	1,125,046
School Administrative Services	1,586,315	1,610,872	1,815,731	1,833,956	1,855,950	2,081,896
Central Services	528,921	593,664	618,078	612,470	502,175	630,956
Technology Services			41,217	63,052	76,258	100,536
Plant Operations and Maintenance	2,323,760	2,695,541	3,540,834	3,689,805	3,887,870	3,258,174
Pupil Transportation	3,576,219	3,651,082	4,618,440	4,441,815	4,971,146	4,919,305
Interest on Long-term Debt	900,889	833,275	766,100	728,719	697,613	673,882
Transfer to Charter School			13,498	8,357	39,422	31,982
Unallocated	871	857	776	575,025	16,049	
Total Governmental Activities Expenses	35,882,197	37,690,776	41,747,626	43,599,842	44,755,102	45,555,588
Business-type Activities:						
Food Service	573,350	532,717	679,399	686,917	690,077	724,900
Total Business-type Activities Expense	573,350	532,717	679,399	686,917	690,077	724,900
Total District Expenses	36,455,547	38,223,493	42,427,025	44,286,759	45,445,179	46,280,488
Program Revenues						
Governmental Activities:						
Charges for Services:						
Pupil Transportation	671,129	749,802	1,287,643	948,360	1,169,059	1,137,693
Operating Grants and Contributions	10,596,410	10,993,176	12,188,898	12,758,706	12,227,480	12,667,776
Capital Grants and Contributions	3,738,792	4,062,587				
Total Governmental Activities Program Revenues	15,006,331	15,805,565	13,476,541	13,707,066	13,396,539	13,805,469
Business-type Activities:						
Charges for Services						
Food Service	499,124	553,130	546,255	560,793	599,348	611,769
Operating Grants and Contributions	62,187	49,973	61,672	78,314	78,857	96,172
Total Business-type Activities Program Revenues	561,311	603,103	607,927	639,107	678,205	707,941
Total District Program Revenues	15,567,642	16,408,668	14,084,468	14,346,173	14,074,744	14,513,410
Net (Expense)/Revenue:						
Governmental Activities	(20,875,866)	(21,885,211)	(28,271,085)	(29,892,776)	(31,358,563)	(31,750,119)
Business-type Activities	(12,039)	70,386	(71,472)	(47,810)	(11,872)	(16,959)
Total District-wide Net Expense	(20,887,905)	(21,814,825)	(28,342,557)	(29,940,586)	(31,370,435)	(31,767,078)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	23,748,759	26,402,459	26,744,883	29,346,843	29,854,882	30,279,036
Taxes Levied for Debt Service	1,222,942	2,050,328	1,505,937	1,508,656	1,504,050	1,501,120
Unrestricted Grants and Contributions	53,809	50,866				135,600
Adjustment to Fixed Asset Appraisal Report				4,018,937		
Miscellaneous Income	616,860	303,567	513,737	229,737	345,851	211,855
Transfers	(45,000)	(35,000)				
Total Governmental Activities	25,597,370	28,772,220	28,764,557	35,104,173	31,704,783	32,127,611
Business-type Activities:						
Transfers	45,000	35,000				
Total Business-type Activities	45,000	35,000				
Total District-wide	25,642,370	28,807,220	28,764,557	35,104,173	31,704,783	32,127,611
Change in Net Assets:						
Governmental Activities	4,721,504	6,887,009	493,472	5,211,397	346,220	377,492
Business-type Activities	32,961	105,386	(71,472)	(47,810)	(11,872)	(16,959)
Total District	$ 4,754,465	$ 6,992,395	$ 422,000	$ 5,163,587	$ 334,348	$ 360,533

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

Source: School District Financial Reports

Exhibit J-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	$ 2,526,502	$ 2,663,296	$ 1,893,245	$ 1,123,221	$ 1,111,624	$ 741,200
Unreserved	421,630	475,771	485,888	2,022,580	1,850,122	1,422,948
Total General Fund	$ 2,948,132	$ 3,139,067	$ 2,379,133	$ 3,145,801	$ 2,961,746	$ 2,164,148
All Other Governmental Funds						
Reserved	$ 10,467,389	$ 2				$ 388,335
Unreserved, Reported in:						
Capital Projects Fund/(Deficit)	(1,770,181)	350,162	$ 300,596	$ 312,718	$ 96,994	228,013
Debt Service Fund	2		1	1		
Total All Other Governmental Funds	$ 8,697,210	$ 350,164	$ 300,597	$ 312,719	$ 96,994	$ 616,348
Total All Funds	$ 11,645,342	$ 3,489,231	$ 2,679,730	$ 3,458,520	$ 3,058,740	$ 2,780,496

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

Source: School District Financial Reports

Exhibit J-4

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

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Revenues						
Tax Levy	$ 24,971,701	$ 28,452,787	$ 28,250,820	$ 30,855,499	$31,358,932	31,780,156
Miscellaneous	588,967	294,752	513,737	266,789	417,541	252,103
State Sources	13,782,351	14,463,777	11,604,842	11,988,033	11,526,107	10,754,649
Federal Sources	606,660	642,852	584,056	733,621	629,683	2,008,480
Total Revenue	39,949,679	43,854,168	40,953,455	43,843,942	43,932,263	44,795,388
Expenditures						
Instruction						
Regular Instruction	12,061,794	12,647,828	12,672,816	12,987,762	12,596,892	13,155,847
Special Education Instruction	2,467,730	2,699,245	3,053,436	3,108,938	3,411,229	3,502,882
Other Special Instruction	668,398	731,131	805,093	707,383	668,059	687,152
Other Instruction	158,499	140,563	127,879	127,450	128,516	145,636
Support Services:						
Tuition	841,338	956,291	1,109,851	1,420,506	1,791,074	1,459,238
Student & Instruction Related Services	3,475,948	4,075,444	4,362,698	4,506,142	5,019,833	5,228,658
General Administrative Services	955,570	747,211	770,436	780,805	931,443	966,530
School Administrative Services	1,158,456	1,185,938	1,316,825	1,278,486	1,352,628	1,352,817
Central Services	385,035	448,285	447,541	444,081	444,858	459,732
Technology Services			41,217	45,511	59,292	82,219
Plant Operations and Maintenance	1,967,027	2,339,693	2,984,111	3,076,444	3,235,247	3,036,578
Pupil Transportation	2,992,947	2,883,877	3,328,837	3,377,858	3,831,386	3,428,405
Unallocated Benefits	7,061,651	7,918,766	9,852,868	10,123,134	9,189,626	9,680,503
Transfer to Charter Schools			13,498	8,357	39,422	31,982
Capital Outlay	12,636,349	13,799,813	405,229	1,362,697	884,032	354,333
Debt Service:						
Principal	550,000	1,261,800	727,600	767,700	794,200	815,000
Interest and Other Charges	907,008	839,394	778,338	740,956	709,851	686,120
Total Expenditures	48,287,750	52,675,279	42,798,273	44,864,210	45,087,588	45,073,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,338,071)	(8,821,111)	(1,844,818)	(1,020,268)	(1,155,325)	(278,244)
Other Financing Sources (Uses)						
Transfers In	1,190,320	2,000,284	1,046,493	1,247,789	971,272	561,154
Transfers Out	(635,320)	(1,335,284)	(11,176)		(215,727)	(561,154)
Capital Leases (Non-budgeted)				5,511,269		
Total Other Financing Sources (Uses)	555,000	665,000	1,035,317	6,759,058	755,545	
Net Change in Fund Balances	$ (7,783,071)	$ (8,156,111)	$ (809,501)	$ 5,738,790	$ (399,780)	$ (278,244)
Debt Service as a Percentage of Noncapital Expenditures	4.3%	5.7%	3.7%	3.6%	3.5%	3.5%

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

Source: School District Financial Reports

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals- Use of Facilities	Prior Year Refunds	Miscellaneous	Total
2001	$ 230,889	$ 39,527		$ 22,425	$ 292,841
2002	89,369	41,472		32,406	163,247
2003	49,328	43,741		10,823	103,892
2004	29,660	61,108		63,109	153,877
2005	74,186	63,546		166,327	304,059
2006	103,072	41,746		52,590	197,408
2007	117,291	30,645	$ 21,120	161,879	330,935
2008	59,284	42,428	45,338	69,455	216,505
2009	12,530	40,477	177,804	115,037	345,848
2010	10,838	30,680	123,387	31,950	196,855

Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST SEVEN YEARS
UNAUDITED

As of January 1,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	School Tax Rate [b]	(County Equalized Value)
2004	$ 37,343,500	$ 1,424,139,400	$ 63,755,100	$ 4,376,800	$ 54,153,700	$ 24,463,800	$ 21,621,400	$ 1,629,853,700	$ 125,629,400	$ 3,461,957	$ 1,633,315,657	$ 1.50	$ 2,340,004,800
2005	33,965,000	1,459,046,400	65,127,600	4,287,500	54,665,900	24,463,800	21,625,100	1,663,181,300	127,854,000	3,062,777	1,666,244,077	1.59	2,622,354,777
2006	31,758,300	1,489,298,800	66,290,600	4,286,600	53,262,800	24,780,800	20,609,900	1,690,287,800	129,578,500	2,743,685	1,693,031,485	1.68	2,905,768,742
2007	26,385,200	1,518,906,600	69,614,900	4,218,000	56,861,500	22,597,500	20,332,800	1,718,916,500	221,552,000	2,487,616	1,721,404,116	1.72	3,261,008,519
2008*	61,154,900	2,824,089,600	131,760,300	4,264,200	113,518,400	38,803,500	43,258,300	3,216,849,200	263,564,200	4,703,377	3,221,552,577	0.97	3,372,634,572
2009	54,480,100	2,841,182,400	130,062,400	4,154,100	132,149,800	38,803,500	43,258,300	3,244,090,600	266,814,300	4,241,728	3,248,332,328	0.97	3,380,843,416
2010*	38,072,900	2,462,010,400	113,484,900	4,137,400	126,955,200	34,966,600	36,148,000	2,815,775,400	243,749,600	4,740,622	2,820,516,022	1.13	3,313,749,445

* Year in which revaluation became effective.

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

Source: Municipal Tax Assessor

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

Reassessment occurs when 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

Exhibit J-7

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

	Washington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
Year Ended December 31,	Basic Rate [a]	General Obligation Debt [b]	Total Direct	Washington Township	Morris County	
2000	$ 1.15	$ 0.05	$ 1.20	$ 0.46	$ 0.32	$ 1.98
2001	1.24	0.04	1.28	0.47	0.33	2.08
2002	1.28	0.04	1.32	0.47	0.35	2.14
2003	1.32	0.06	1.38	0.48	0.39	2.25
2004	1.43	0.07	1.50	0.49	0.40	2.39
2005	1.48	0.11	1.59	0.42	0.54	2.55
2006	1.59	0.09	1.68	0.56	0.43	2.67
2007	1.64	0.08	1.72	0.58	0.45	2.75
2008	* 0.92	0.05	0.97	0.32	0.24	1.53
2009	0.93	0.05	0.97	0.33	0.24	1.54

* - Property revaluation effective in this year.

Source: Municipal Tax Collector and School Business Administrator

Note:

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

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

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

Exhibit J-8

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2010			2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Heath Village	$ 21,760,700	0.77%	Heath Village	$ 12,515,900	0.88%
Target Corp.	15,914,000	0.56%	Peachtree Village, LP	7,200,000	0.51%
2085 Realty Partners	12,225,800	0.43%	Amerace ESNA Corporation	7,194,300	0.51%
Peachtree Village	10,916,900	0.39%	Kings Highway Investment Co., LLC	6,845,400	0.48%
Transistor Devices	7,605,500	0.27%	Individual Tax Payer #1	6,701,100	0.47%
Kings Hwy Invest Co.	7,399,000	0.26%	The Great Atlantic & Pacific Tea Co.	5,500,000	0.39%
Amerace ESNA Corp	6,178,400	0.22%	Transistor Devices, Inc.	4,727,300	0.33%
Long Valley Village	6,126,900	0.22%	APGM, LP	3,757,100	0.26%
Columbia Gas Transmission	5,872,300	0.21%	Columbia Gas Trans. Corporation	3,481,000	0.25%
Regency at Long Valley	5,543,400	0.20%	Parmalot Welsh Farms, Inc.	2,708,300	0.19%
Total	$ 99,542,900	3.53%		$ 60,630,400	4.27%

Source: Municipal Tax Assessor

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 17,569,293	$ 17,569,293	100.00%	-0-
2002	19,312,267	19,312,267	100.00%	-0-
2003	20,557,285	20,557,285	100.00%	-0-
2004	22,219,036	22,219,036	100.00%	-0-
2005	24,637,793	24,637,793	100.00%	-0-
2006	28,452,787	28,452,787	100.00%	-0-
2007	28,250,820	28,250,820	100.00%	-0-
2008	30,855,499	30,855,499	100.00%	-0-
2009	31,358,932	31,358,932	100.00%	-0-
2010	31,780,156	31,780,156	100.00%	-0-

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

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

Exhibit J-10

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds	Governmental Activities: Certificates of Participation	Governmental Activities: Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2001	$ 2,666,000		$ 1,077,918	$ 3,743,918	0.37%	$ 208.84
2002	2,166,000		1,166,945	3,332,945	0.33%	183.66
2003	1,666,000		1,147,361	2,813,361	0.27%	154.02
2004	20,216,300		717,802	20,934,102	1.86%	1,134.33
2005	19,666,300		787,614	20,453,914	1.73%	1,100.15
2006	18,404,500		473,739	18,878,239	1.49%	1,010.02
2007	17,676,900		558,186	18,235,086	1.46%	987.33
2008	16,909,200		846,058	17,755,258	1.42%	961.35
2009	16,115,000		773,828	16,888,828	1.28%	918.52
2010	15,300,000		1,051,705	16,351,705	1.23%	885.36

Source: School District Financial Reports

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.

Exhibit J-11

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2001	$ 2,666,000		$ 2,666,000	N/A	$ 148.71
2002	2,166,000		2,166,000	N/A	119.36
2003	1,666,000		1,666,000	N/A	91.21
2004	20,216,300		20,216,300	N/A	1,095.44
2005	19,666,300		19,666,300	N/A	1,057.78
2006	18,404,500		18,404,500	N/A	984.67
2007	17,676,900		17,676,900	1.044%	957.11
2008	16,909,200		16,909,200	0.982%	915.54
2009	16,115,000		16,115,000	0.500%	876.43
2010	15,300,000		15,300,000	0.471%	828.42

N/A : Information Not Available
Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.

Exhibit J-12

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Washington Township	$ 12,548,500	100.00%	$ 12,548,500
Morris County General Obligation Debt	255,031,540	3.26%	8,317,028
Subtotal, overlapping debt			20,865,528
Washington Township School District Direct Debt			15,300,000
Total direct and overlapping debt			$ 36,165,528

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized valuation basis	
2009	$	3,297,175,119
2008	$	3,342,528,263
2007	$	3,324,790,135
	$	9,964,493,517
Average equalized valuation of taxable property	$	3,321,497,839
Debt limit (3% of average equalization value)		99,644,935 a
Net bonded school debt		15,300,000
Legal debt margin	$	84,344,935

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 44,638,742	$ 48,620,053	$ 54,062,628	$ 61,092,278	$ 68,819,805	$ 77,086,253	$ 86,118,573	$ 92,218,734	$ 98,661,977	99,644,935
Total net debt applicable to limit	2,666,000	2,166,000	26,766,000	20,216,300	19,666,300	18,404,500	17,676,900	16,909,200	16,115,000	15,300,000
Legal debt margin	$ 41,972,742	$ 46,454,053	$ 27,296,628	$ 40,875,978	$ 49,153,505	$ 58,681,753	$ 68,441,673	$ 75,309,534	$ 82,546,977	$ 84,344,935
Total net debt applicable to the limit as a percentage of debt limit	5.97%	4.45%	49.51%	33.09%	28.58%	23.88%	20.53%	18.34%	16.33%	15.35%

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

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

Exhibit J-14

WASHINGTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Township Population [a]	Morris County Per Capita Personal Income [b]	Township Personal Income (a*b)	Township Unemployment Rate [c]
2000	17,678	56,172	993,008,616	2.00%
2001	17,927	56,551	1,013,789,777	2.40%
2002	18,147	55,984	1,015,941,648	3.80%
2003	18,266	56,415	1,030,476,390	3.70%
2004	18,455	60,823	1,122,488,465	3.00%
2005	18,592	63,605	1,182,544,160	3.10%
2006	18,691	67,788	1,267,025,508	3.20%
2007	18,469	67,788	1,251,976,572	2.90%
2008	18,387	71,713	1,318,586,931	3.90%
2009	18,469	71,812	1,326,295,828	6.60%

Source:

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

[b] Personal Income by county from the Bureau of Economic Analysis

[c] Unemployment data provided by the NJ Dept of Labor and Workforce Development

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2010			2001	
Employer	Employees	Percentage Total	Employer	Employees	Percentage Total
Atlantic Health	6,300	2.47%	Lucent Technologies	6,300	2.48%
Picatinny Arsenal	3,575	1.40%	AT&T	5,150	2.03%
Novartis	3,573	1.40%	Atlantic Health Systems	4,097	1.61%
Quest Diagnostics	2,978	1.17%	Northwest Covenant	3,652	1.44%
Securitas	2,602	1.02%	Picatinny Arsenal	3,100	1.22%
St Clare's	2,342	0.92%	Warner Lambert Company	3,020	1.19%
County of Morris	2,126	0.83%	Morris County	2,837	1.12%
Kings Super Markets	2,094	0.82%	BASF Corporation	2,600	1.02%
ADP	2,019	0.79%	Novartis Corporation	2,500	0.98%
UPS	1,941	0.76%	Nabisco	2,200	0.87%
AT&T	1,500	0.59%	Bear Stearns	2,100	0.83%
Honeywell	1,500	0.59%	Exxon	1,650	0.65%
Wyndham Worldwide	1,395	0.55%	Bell Atlantic	1,600	0.63%
Avis Budget Group	1,378	0.54%	Allied Signal	1,550	0.61%
BASF	1,315	0.52%	American Home Products	1,400	0.55%
	36,638	14.38%		43,756	17.23%
Total Employment *	254,700		Total Employment *	254,319	

* Employment data provided by NJ Dept of Labor and Workforce Development

Source: Morris County Economic Development Corp(www.morriscountyedc.org) - Corporate Community

Exhibit J-16

WASHINGTON TOWNSHIP BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST SIX FISCAL YEARS
UNAUDITED

Function/Program	2005	2006	2007	2008	2009	2010
Instruction						
Regular	156	156	184	186	180	182
Special education	44	47	72	97	97	99
Other special education	8	10	9	9	9	9
Support Services:						
Student & instruction related services	36	41	46	24	24	20
School administrative services	19	19	19	19	19	20
General administrative services	8	9	7	7	7	7
Plant operations and maintenance	18	20	29	28	28	26
Pupil transportation	38	37	41	41	42	42
Business and other support services	6	7	7	7	7	7
Food Service	2	2	4	4	4	4
Total	335	348	418	422	417	416

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

Source: District Personnel Records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil [d]	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Middle School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	2,946	$ 34,194,393	$ 11,607	5.46%	247	1:15	1:14	2,946	2,781	-0.61%	94.40%
2006	2,960	36,774,272	12,424	7.04%	236	1:17	1:16	2,916	2,796	-1.02%	95.88%
2007	2,947	40,887,106	13,874	11.67%	244	1:13	1:12	2,901	2,788	-0.51%	96.10%
2008	2,899	41,992,857	14,485	4.40%	247	1:13	1:12	2,875	2,753	-0.90%	95.76%
2009	2,825	42,699,505	15,115	4.35%	245	1:13	1:12	2,825	2,704	-1.74%	95.72%
2010	2,740	43,951,679	16,041	6.13%	235	1:13	1:12	2,738	2,615	-3.08%	95.51%

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

Sources: Washington Township School District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Exhibit J-18

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS

District Building	2006	2007	2008	2009	2010
Flocktown-Kossmann School (1969-1979)					
Square Feet	73,550	73,550	73,550	73,550	73,550
Capacity (students)	600	600	600	600	600
Enrollment	560	658	633	617	601
Old Farmers School (1969)					
Square Feet	46,140	46,140	46,140	46,140	46,140
Capacity (students)	396	396	396	396	396
Enrollment	550	455	460	464	457
Long Valley Middle School North and South (1949)					
Square Feet	128,105	128,105	128,105	128,105	128,105
Capacity (students)	1,190	1,190	1,190	1,190	1,190
Enrollment	1,400	1,051	1,041	1,030	1010
Cucinella School (2006)					
Square Feet	98,541	98,541	98,541	98,541	98,541
Capacity (students)	748	748	748	748	748
Enrollment		749	728	714	672
Administration Building (1954)					
Square Feet	4,730	4,730	4,730	4,730	4,730

Number of Schools at June 30, 2010
Elementary = 3
Middle School = 1
High School = 0

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

Source: Washington Township School District Facilities Office

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST EIGHT FISCAL YEARS
UNAUDITED

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

		Fiscal Year Ended June 30,							
School Facilities	Projects #	2003	2004	2005	2006	2007	2008	2009	2010
Board of Education	N/A	$ 8,950	$ 9,678	$ 5,805	$ 4,430	$ 4,663	$ 3,821	$ 3,689	$ 3,225
Flocktown Road School	N/A	34,207	33,754	38,137	36,302	43,423	-	-	-
Kossmann School	N/A	51,579	30,577	44,173	41,017	45,324	-	-	-
Flocktown-Kossmann School	N/A	-	-	-	-	-	87,063	71,429	112,561
Old Farmers School	N/A	36,699	62,091	49,034	70,420	68,623	55,231	56,938	63,109
Long Valley Middle School	N/A	126,457	117,003	144,376	148,427	182,155	147,225	194,077	153,964
Cucinella School	N/A					45,640	103,090	104,477	102,466
Total		$ 257,892	$ 253,103	$ 281,525	$ 300,596	$ 389,828	$ 396,431	$ 430,610	$ 435,326

This schedule does not provide ten years of information as the State Department of Education required the information beginning with the fiscal year ended June 30, 2002.
In fiscal year 2008, Flocktown Road School and Kossmann School were combined into one reporting location.
Source: Washington Township School District records

Exhibit J-20

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

	Coverage	Deductible
School Package Policy -		
American Zurich Insurance Company		
Property - Blanket Building and Contents	$ 74,614,794	$ 1,000
Commercial General Liability	1,000,000	-
Comprehensive Automotive Liability	1,000,000	1,000
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Comprehensive Crime Coverage, Forgery or Alteration	50,000	1,000
Comprehensive Crime, Computer Fraud	50,000	1,000
Computer and Scheduled Equipment - American Zurich Insurance Company		
EDP	2,500,000	1,000
Mobile Equipment	10,000	1,000
Cameras, Musical Instruments	250,000	1,000
Boiler and Machinery - American Zurich Insurance Company		
Property Damage	25,000,000	1,000
Umbrella Liability		
Umbrella Policy - American Guarantee & Liability Insurance Company	10,000,000	10,000
Excess Liability - Firemans' Fund Insurance Company	50,000,000	
School Board Legal Liability - Northern Insurance Company of NY		
Educator's Legal Liability	1,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond		
Treasurer of School Monies	200,000	-
Board Secretary	10,000	-
Special Risks		
Flood/Earthquake - American Zurich Insurance Company		
Per Property Limit Flood		25,000
Per Property Limit Earthquake		5,000
Volunteers - Chubb	5,000	
Environmental - American Zurich Insurance Company	1,000,000	5,000

Source: Washington Township School District Records.

SINGLE AUDIT SECTION

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

The Honorable President and Members
of the Board of Education
Washington Township School District
Long Valley, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District, in the County of Morris (the "Board") as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

Compliance and Other Matters

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

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

November 12, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

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

The Honorable President and Members
of the Board of Education
Washington Township School District
Long Valley, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Washington Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and major effect on each of its major federal or state programs for the fiscal year ended June 30, 2010.

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

Internal Control Over Compliance

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

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

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

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

November 12, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

Schedule A

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue (Accounts Receivable) 6/30/09	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Adjustments	Balance 6/30/10 Accounts Receivable	Balance 6/30/10 Deferred Revenue	Due to Grantor 6/30/10
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.550	N/A	7/1/09-6/30/10	$ 38,384				$ (31,861)				$ 6,523	
Federal Food Distribution Program	10.550	N/A	7/1/08-6/30/09	21,072	$ 5,105			(5,105)					
Total Food Distribution					5,105			(36,966)				6,523	
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	51,536			$ 47,454	(51,536)			$ 4,082		
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	50,587	(4,190)		4,190						
Special Milk Program	10.556	N/A	7/1/09-6/30/10	1,470			1,359	(1,470)			111		
Special Milk Program	10.556	N/A	7/1/08-6/30/09	1,386	(124)		124						
Total Child Nutrition Cluster					(4,314)		53,127	(53,006)			4,193		
Total U.S. Department of Agriculture					791		53,127	(89,972)			4,193	6,523	
U.S. Department of Education													
Passed-through State Department of Education:													
ARRA:													
Equalization Aid- ESF	84.394	27-5520	7/1/09-6/30/10	1,019,100			1,019,100	(1,019,100)					
Equalization Aid- GSF	84.397	27-5520	7/1/09-6/30/10	39,451			39,451	(39,451)					
							1,058,551	(1,058,551)					
No Child Left Behind:													
Title IIA	84.278A	NCLB552010	9/1/09-8/31/10	42,812				(26,265)			26,265		
Title IIA- Carryover	84.278A	NCLB552008	9/1/08-8/31/10	42,252	(5,150)		24,652	(19,502)					
Total Title IIA					(5,150)		24,652	(45,767)			26,265		
Title IV	84.186A	NCLB552010	9/1/09-8/31/10	4,083		$ 4,268		$ (8,351)			8,351		
Title IV	84.186A	NCLB552009	9/1/08-8/31/09	4,268		(4,268)							
Total Title IV								(8,351)			8,351		
Total NCLB					(5,150)		24,652	(54,118)			34,616		
Special Education Cluster													
I.D.E.A. Part B, Preschool	84.173	PS-5520-08	9/1/08-8/31/09	26,277	(1,646)		1,646						
I.D.E.A. Part B, Preschool	84.173	PS-5520-09	9/1/09-8/31/10	26,265			20,421	(26,265)			5,844		
I.D.E.A. Part B, Basic	84.027	FT-5520-08	9/1/08-8/31/09	579,054	(148,753)		148,753						
I.D.E.A. Part B, Basic	84.027	FT-5520-09	9/1/09-8/31/10	577,473			475,295	(570,679)			95,384		
ARRA - I.D.E.A. Basic	84.391	ARRA-5520-10	7/1/09-8/31/11	583,505			284,877	(284,877)					
ARRA - I.D.E.A. Preschool	84.392	ARRA-5520-10	7/1/09-8/31/11	56,265			20,821	(13,990)					$ 6,831
Total Special Education Cluster					(150,399)		951,813	(895,811)			101,228		6,831
Total U.S. Department of Education					(155,549)		976,465	(949,929)			135,844		6,831
Total Federal Awards					$ (154,758)	$ -	$ 2,088,143	$ (2,098,452)	$ -	$ -	$ 140,037	$ 6,523	$ 6,831

N/A: Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 06/30/09	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/10 GAAP Accounts Receivable	Balance 6/30/10 Deferred Revenue	Memo Budgetary Receivable	Memo Due Back to Grantor	Memo Cumulative Total Expenditures
NJ Department of Education:													
General Fund:													
Categorical Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	$ 806,753			$ 711,957	$ (806,753)				$ 94,796		
Categorical Transportation Aid	09-495-034-5120-014	7/1/08- 6/30/09	871,710	$ (84,752)		84,752							
Categorical Special Education Aid	09-495-034-5120-011	7/1/08- 6/30/09	1,578,804	(153,498)		153,498							
Categorical Special Education Aid	10-495-034-5120-011	7/1/09 - 6/30/10	1,616,609			1,426,653	(1,616,609)				189,956		
Equalization Aid	09-495-034-5120-078	7/1/08- 6/30/09	6,022,001	(585,486)		585,486							
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	4,775,420			4,214,295	(4,775,420)				561,125		
Categorical Security Aid	09-495-034-5120-084	7/1/08- 6/30/09	207,855	(20,209)		20,209							
Categorical Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	212,370			187,416	(212,370)				24,954		
Non-Public Transportation Aid	N/A	7/1/08- 6/30/09	12,180	(12,180)		12,180							
Non-Public Transportation Aid	N/A	7/1/09 - 6/30/10	12,262				(12,262)		$ (12,262)		12,262		
Extraordinary Aid	09-100-034-5120-473	7/1/08- 6/30/09	720,072	(720,072)		720,072							
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	490,590				(490,590)		(490,590)		490,590		
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09- 6/30/10	1,404,817			1,404,817	(1,404,817)						
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08- 6/30/09	1,313,020	(472)		472							
Total General Fund				(1,576,669)		9,521,807	(9,318,821)		(502,852)		1,373,683		
Special Revenue Fund:													
Non-Public Nursing Aid	10-100-034-5120-070	7/1/09-6/30/10	772			772						$ 772	
Non-Public Textbook Aid	10-100-034-5120-066	7/1/09-6/30/10	651			651						651	
Non-Public Technology Aid	10-100-034-5120-373	7/1/08- 6/30/09	400	8				$ 8					
Total Special Revenue Fund			400	8				8				1,423	
Total NJ Department of Education				(1,576,661)		9,521,807	(9,318,821)	8	(502,852)		1,373,683	1,423	
New Jersey Department of Agriculture:													
Food Service Fund:													
National School Lunch Program (State Share)	10-100-010-3350-023	7/1/09- 6/30/10	6,200			5,707	(6,200)		493				
National School Lunch Program (State Share)	09-100-010-3350-023	7/1/08- 6/30/09	6,240	(510)		510							
Total NJ Department of Agriculture				(510)		6,217	(6,200)		493				
NJ School Construction Corporation:													
Capital Projects Fund:													
Educational Facilities Construction and Financing	5520-n-01-03-0432,5520-035-03-0450, 5520-030-03-1391, 5520-030-03-0433	7/1/03-6/30/07	6,871,136								3,579,018		6,871,136
Roof Project Middle School	5520-035-02-0779	7/1/04-6/30/07	194,356	(5,310)							5,310		194,356
Asbestos Removal Middle School	5520-035-03-0772	7/1/04-6/30/07	179,120	(29,892)							29,892		146,659
Telephone/Intercom Flocktown	N/A	7/1/05-6/30/07	24,640	(5,671)							5,671		18,969
Telephone/Intercom Old Farmers	N/A	7/1/05-6/30/07	22,100	(2,234)							2,234		8,840
Telephone/Intercom Kossman	N/A	7/1/05-6/30/07	19,800	(1,504)							1,504		18,296
Telephone/Intercom Middle School	N/A	7/1/05-6/30/07	58,080	(5,295)							5,295		23,232
Roof Replacement Middle School	5520-035-05-1000	7/1/05-6/30/07	510,416	(45,088)							45,088		186,131
Roof Replacement Kossman	5520-080-05-2000	7/1/05-6/30/07	148,000	(24,434)							24,434		59,200
Asbestos Abatement Kossman	5520-040-05-1000	7/1/05-6/30/07	62,400	(31,410)							31,410		30,990
Fire Alarm Project Middle School	5520-035-09-1001	7/1/09-6/30/10	135,600			70,400	(76,960)		6,560		6,560		76,960
Total School Construction Corporation				(150,838)		70,400	(76,960)		6,560		3,736,416		7,634,770
Total State Awards				$ (1,728,009)	$ -0-	$ 9,598,424	$ (9,401,981)	$ 8	$ (495,799)	$ -0-	$ 5,110,099	$ 1,423	$ 7,634,770

N/A Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of federal and state awards include federal and state awards 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 federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of federal and state awards are presented using the budgetary basis of accounting for the governmental funds. The enterprise fund is presented on a GAAP basis. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-profit Organizations* and New Jersey's OMB Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.* Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund, capital projects fund and debt service 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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on grant expenditures.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($26,885) for the general fund, and $(150,838) for the capital projects fund. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions of $1,404,817 and $1,260,024 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	$ 1,058,551	$ 10,619,049	$11,677,600
Special Revenue Fund	949,929		949,929
Capital Projects Fund		135,600	135,600
Food Service Fund	89,972	6,200	96,172
Total Awards	$ 2,098,452	$10,760,849	$12,859,301

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010. Revenue and expenditures reported under the Food Distribution program represent current year value received and current year distributions respectively.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

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

	State Grant Number/ CFDA Number	Grant Period	Award Amount	Budgetary Expenditures
State:				
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	$ 806,753	$ 806,753
Categorical Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	1,616,609	1,616,609
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	4,775,420	4,775,420
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	212,370	212,370
Federal:				
IDEA Part B, Basic	84.027	9/1/09-8/31/10	577,473	570,679
IDEA Part B, Preschool	84.173	9/1/09-8/31/10	26,265	26,265
IDEA ARRA Basic	84.391	7/1/09-8/31/11	583,505	284,877
IDEA ARRA Preschool	84.392	7/1/09-8/31/11	56,265	13,990
Equalization Aid - ESF	84.394	7/1/09-6/30/10	1,019,100	1,019,100
Equalization Aid - 6SF	84.397	7/1/09-6/30/10	39,451	39,451

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.