

READINGTON TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**READINGTON TOWNSHIP BOARD OF EDUCATION
READINGTON TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Prepared by
READINGTON TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

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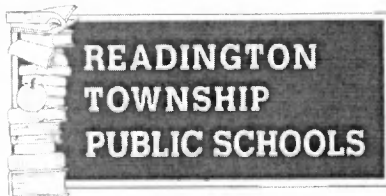
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INTRODUCTORY SECTION



www.readington.k12.nj.us

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

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P.O. Box 807 • 52 Readington Road • Whitehouse Station, NJ 08889 • (908)-534-2195 • (908) 534-9551 fax

October 20, 2014

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

Dear Board Members:

The comprehensive annual financial report of the Readington Township Public School District for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2013-2014 fiscal year with an enrollment in-district of 1,778 students, which is 4.8% students below the previous year's enrollment. The following chart details the

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

Year	Enrollment in District	% Change
2002-2003	2,193	1.7%
2003-2004	2235	1.9%
2004-2005	2269	1.5%
2005-2006	2254	-0.7%
2006-2007	2241	0.6%
2007-2008	2191	-2.2%
2008-2009	2164	-1.2%
2009-2010	2105	-2.7%
2010-2011	2040	-3.1%
2011-2012	1963	-3.8%
2012-2013	1867	-4.9%
2013-2014	1778	-4.8%

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

3. MAJOR INITIATIVES:

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

Grade Eight Proficiency Assessment

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	7.5
Proficient	65.3
Advanced Proficient	27.2
 <u>Mathematics</u>	
Partially Proficient	14.6
Proficient	27.5
Advanced Proficient	57.9
 <u>Science</u>	
Partially Proficient	7.5
Proficient	43.2
Advanced Proficient	49.4

Grade Seven NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	15.2
Proficient	53.1
Advanced Proficient	31.7
<u>Mathematics</u>	
Partially Proficient	25.5
Proficient	36.6
Advanced Proficient	37.9

Grade Six NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	13.0
Proficient	73.6
Advanced Proficient	13.5
<u>Mathematics</u>	
Partially Proficient	8.0
Proficient	38.2
Advanced Proficient	53.8

Grade Five NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	18.9
Proficient	65.1
Advanced Proficient	16.0
<u>Mathematics</u>	
Partially Proficient	5.2
Proficient	31.9
Advanced Proficient	62.9

Grade Four NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	21.1
Proficient	70.6
Advanced Proficient	8.2
<u>Mathematics</u>	
Partially Proficient	9.3
Proficient	33.5
Advanced Proficient	57.2
<u>Science</u>	
Partially Proficient	2.1
Proficient	24.2
Advanced Proficient	73.7

Grade Three NJ ASK (Assessment of Skills and Knowledge)

<u>Language Arts Literacy</u>	<u>Readington Percentage</u>
Partially Proficient	10.8
Proficient	76.6
Advanced Proficient	12.6
 <u>Mathematics</u>	
Partially Proficient	7.1
Proficient	25.6
Advanced Proficient	67.3

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2014, \$7,885,000.00 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, with an additional partial refunding of \$5,415,000 in November, 2010. As of June 30, 2014, \$14,135,000.00 remained in principal to be paid, with the final payment to be made on June 30, 2027.

9. CASH MANAGEMENT:

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

governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

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

10. RISK MANAGEMENT:

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

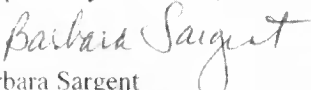
11. OTHER INFORMATION:

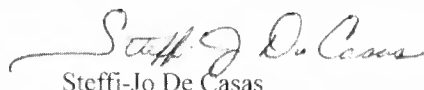
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

12. ACKNOWLEDGEMENTS:

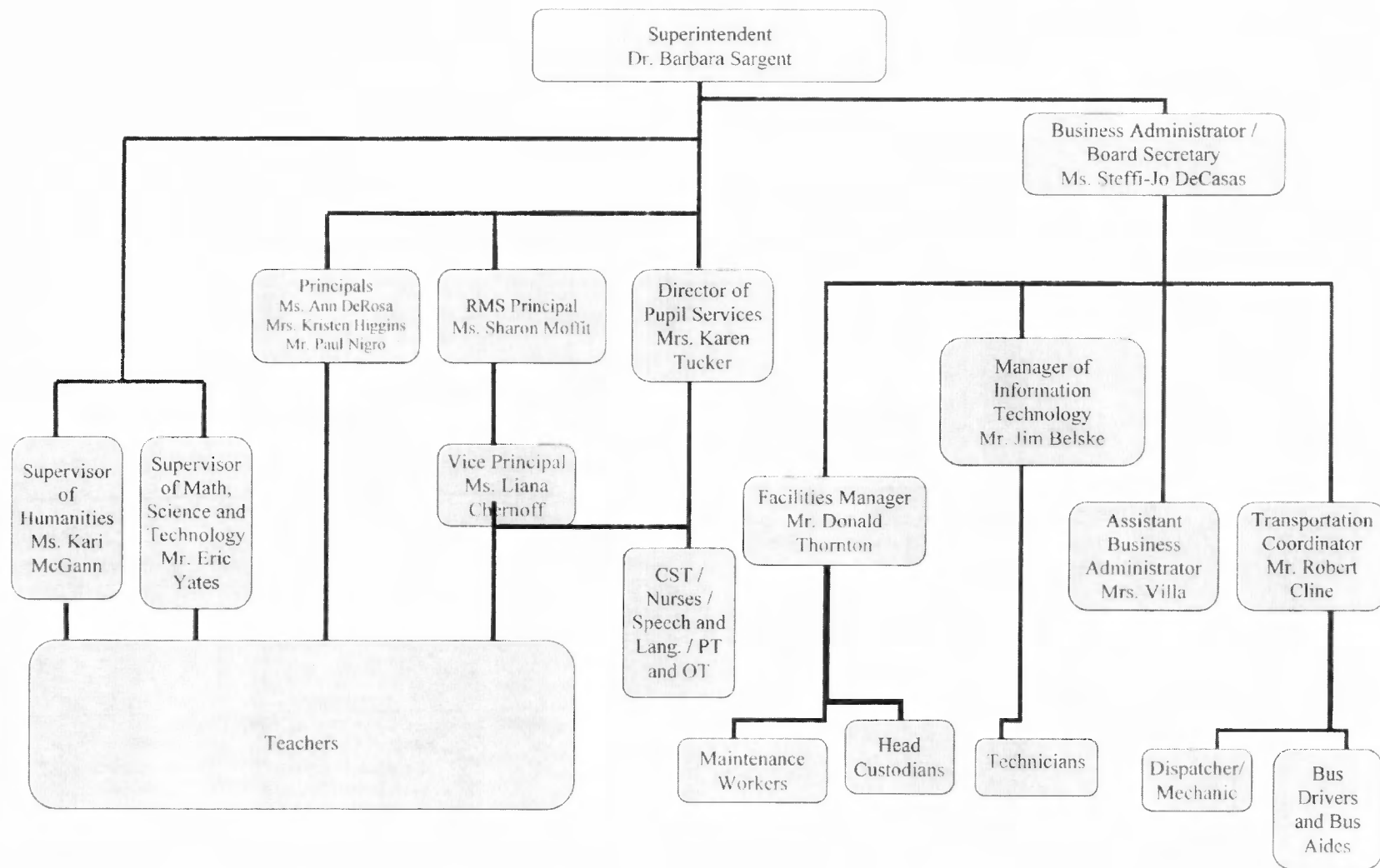
We would like to express our appreciation to the members of the Readington Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,


Barbara Sargent
Superintendent of Schools


Steffi-Jo De Casas
School Business Administrator/Board Secretary

Readington Township Public Schools
Organizational Chart 2013-2014



READINGTON TOWNSHIP BOARD OF EDUCATION
READINGTON TOWNSHIP, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2014

MEMBERS OF THE BOARD OF EDUCATION

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

OTHER OFFICIALS

Dr. Barbara Sargent	Superintendent of Schools
Steff-Jo DeCasas	Board Secretary/Business Administrator

READINGTON TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

SOLICITOR

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

OFFICIAL DEPOSITORY

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

ARCHITECT

SSP Architectural Group
148 West End Avenue
Somerville, NJ 08876

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 20, 2014

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Readington Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

William M. Colantano, Jr.


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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


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

William M. Colantano, Jr.

REQUIRED SUPPLEMENTARY INFORMATION-PART I

READINGTON TOWNSHIP PUBLIC SCHOOLS

READINGTON TOWNSHIP

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2014 Unaudited

The Readington Township Public School (the "District") discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2014, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position increased \$607,699, which represents a 2.41 percent increase from fiscal year 2013.
- General revenues accounted for \$33,091,821, in revenue or 95.92 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,408,198 or 4.08 percent to total revenues of \$34,500,019.
- Total assets of governmental activities decreased by \$442,570 as cash and cash equivalents increased by \$723,527, receivables decreased by \$496,374 and capital assets decreased by \$669,723. The large decrease in total assets can be attributed in large part to the depreciation of capital assets of the district.
- The School District had \$33,898,885 in expenses; only \$1,408,198 of these expenses were offset by program specific charges for services, grant or contributions. General revenues (primarily property taxes) of \$34,500,019 were adequate to provide for these programs.
- Among major funds, the General Fund had \$31,038,940 in revenues and \$31,046,014 in expenditures. After accounting for other financing uses of \$1,091,435, the General Fund's balance decreased \$1,098,509 from 2013. This decrease was anticipated by the Board of Education and was the result of capital reserve funding for the local share of several capital projects approved in the fiscal year.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014. The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the district's net position at 6/30/2014 with comparison to 6/30/2013.

Table 1
Net Position

	6/30/14	6/30/13	Variance	
			Dollars	%
Current & Other Assets	8,309,895	8,181,329	128,566	1.57
Capital Assets	41,597,979	42,273,262	(675,283)	(1.60)
Total Assets	49,907,874	50,454,591	(546,717)	(1.08)
Deferred Amount on Refunding	24,744		24,744	*
Total Deferred Outflow of Resources	24,744		24,744	*
	23,091,848	24,351,806	(1,259,958)	(5.17)
Other Liabilities	1,030,467	900,181	130,286	14.47
Total Liabilities	24,122,315	25,251,987	(1,129,672)	(4.47)
Net Position				
Net Investment in				
Capital Assets	19,607,979	18,946,375	661,604	3.49
Restricted	4,940,642	5,271,205	(330,563)	(6.27)
Unrestricted	1,261,682	985,024	276,658	28.09
Total Net Position	25,810,303	25,202,604	607,699	2.41

Total assets decreased by \$546,717. Cash and cash equivalents increased by \$636,226, receivables decreased by \$506,790, capital assets decreased by \$675,283, and other assets decreased by \$870. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$276,658. This increase was anticipated by the Board of Education and was the result of the utilization of funds in the legal reserves to finance the local share of capital projects.

Table 2 provides a summary of the District's changes in Net Position in fiscal year ending 6/30/2014 with comparisons to 6/30/2013.

Table 2
Changes in Net Position

	6/30/14	6/30/13	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	769,736	680,872	88,864	13.05
Operating Grants	605,932	638,555	(32,623)	(5.11)
Capital Grants	32,530	-	32,530	*
General Revenues:				
Property Taxes	28,764,420	28,780,939	(16,519)	(0.06)
Unrestricted Grants	4,159,942	4,560,512	(402,570)	(8.83)
Other	169,459	175,990	(6,531)	(3.71)
Total Revenues	34,500,019	34,836,868	(336,849)	(0.97)
Program Expenses				
Instruction:				
Regular	12,639,720	13,434,484	(794,764)	(5.92)
Special	4,492,434	4,600,346	(107,912)	(2.35)
Other	1,562,998	1,530,033	32,965	2.15
Support Services:				
Tuition	708,273	614,482	93,791	(15.26)
Student & Instructional Staff	5,129,190	5,015,386	113,804	2.27
General & Business Administration	1,647,645	1,351,217	296,428	21.94
School Administration	1,690,141	1,725,208	(35,067)	(2.03)
Maintenance	2,556,242	2,450,613	105,629	4.31
Transportation	2,054,985	2,035,908	19,077	0.94
Food Service	583,311	613,691	(30,380)	(4.95)
Summer Programs	23,962	29,760	5,798	(19.48)
Interest on Long-Term Debt	809,984	1,014,502	(204,518)	(20.16)
Total Expenses	33,898,885	34,415,630	(516,745)	(1.50)
Increases (Decreases) Before Special Items	601,134	421,238	179,896	42.71
Special Items:				
Gain (Loss) on Disposal of Assets	6,565	2,061	4,504	218.53
Proceeds from Insurance Claim	-	25,448	(25,448)	(100.00)
Total Special Items	6,565	27,509	(20,944)	
Increase (Decrease) in Net Position	607,699	448,747	158,952	35.42

* = Undefined

Governmental Activities

The Readington Township Board of Education resolved on December 11, 2012 to move to a November annual election, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 84.65 percent of revenues for governmental activities for the Readington Township Public School District for fiscal year 2014.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 56.2 percent of district expenses. Support services expenses make up 41.4 percent of the expenses, and interest expense comprises 2.4 percent of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/2014 with comparisons to 6/30/2013.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/14	6/30/13	6/30/14	6/30/13
Instruction	18,695,152	19,564,863	18,436,579	19,411,685
Support Services:				
Tuition	708,273	614,482	347,447	205,805
Student & Instructional Staff	5,129,190	5,015,386	5,058,992	4,968,844
General & Business Administration	1,647,645	1,351,217	1,528,860	1,321,217
School Administration	1,690,141	1,725,208	1,688,143	1,725,208
Plant Operations & Maintenance	2,556,242	2,450,613	2,479,957	2,386,648
Pupil Transportation	2,054,985	2,035,908	2,050,700	2,010,748
Interest on Long-Term Debt	<u>809,984</u>	<u>1,014,502</u>	<u>809,984</u>	<u>1,014,502</u>
Total Expenses	<u>33,291,612</u>	<u>33,772,179</u>	<u>32,400,662</u>	<u>33,044,657</u>

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

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$33,778,348 and expenditures of \$33,866,783 and other financing sources of \$105,270. The net positive change in fund balance for the year was most significant in the Capital projects Fund, an increase of \$1,052,829. This was due mostly to the funding of capital projects approved in the fiscal year.

General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2014, the School District amended its general fund budget as needed. The School District uses program based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management. For the General Fund, budgeted revenues were \$28,468,000, which was \$203,038 above original budgeted estimates of \$28,264,962. This difference was due primarily to realized tuition and state aid in excess of original budgets. The General Fund revenues and other financing sources of the School District were less than expenditures and other financing uses by \$1,098,094.

Capital Assets

At the end of fiscal year 2014 the District had 41,597,979 invested in land, buildings, furniture, equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/2014 with comparisons to 6/30/2013.

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

	6/30/14	6/30/13	Variance	
			Dollars	%
Land	412,362	412,362	-	0.00
Construction in Progress	316,994	-	316,994	*
Land Improvements	662,341	730,536	(68,195)	(9.33)
Buildings & Improvements	39,219,871	40,098,200	(878,329)	(2.19)
Machinery & Equipment	473,552	503,716	(30,164)	(5.99)
Vehicles	512,859	528,448	(15,589)	(2.95)
Total	41,597,979	42,273,262	(675,283)	(1.60)

Depreciation expense and asset disposals in the current fiscal year exceeded new additions by \$675,283. Additions to capital assets resulted primarily from the construction of new toilet rooms for the kindergarten classes at Three Bridges and Whitehouse Schools, Phase I of the window replacements at Readington Middle School and two new 54 passenger school buses.

Table 5 provides a summary of the District's outstanding long-term liabilities at 6/30/2014 with comparisons to 6/30/2013.

11.6

Table 5
Long-Term Liabilities at Year-end

	6/30/14	6/30/13	Variance	
			Dollars	%
2004 General Obligation Refunding Bonds	-	8,365,000	(8,365,000)	(100.00)
2006 General Obligation Refunding Bonds *	9,620,000	9,650,000	(30,000)	(0.31)
2010 General Obligation Refunding Bonds	4,515,000	5,280,000	(765,000)	(14.49)
2013 General Obligation Refunding Bonds	7,855,000		7,855,000	*
New Jersey Economic Development Auth.:				
Low Interest Loan	-	6,105	(6,105)	(100.00)
Small Projects Loan	-	25,782	(25,782)	(100.00)
Unamortized Bond Premium	539,493	484,570	54,923	11.33
Compensated Absences	562,355	540,349	22,006	4.07
	<u>23,091,848</u>	<u>24,351,806</u>	<u>(1,259,958)</u>	<u>(5.17)</u>

* = Undefined

The District refunded prior year bonded debt at a savings of \$741,990. At June 30, 2014, the School District had \$23,091,848 in long term liabilities. At June 30, 2014 the School District's overall legal debt limit was \$95,592,158 and the legal borrowing margin was \$73,602,158.

Economic Factors and Next Year's Budgets and Rates

The District continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed include reductions in staffing levels to reflect declining enrollments, expansion of shared services and optimizing efficient management procedures. The district implemented a new Five Year Strategic Plan in 2013-14 and will continue to formulate its budget to implement its action plans.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 2,904,413	\$ 137,226	\$ 3,041,639
Internal Balances	(8,900)	8,900	
Receivables, Net	563,873	5,794	569,667
Inventory		6,242	6,242
Restricted Assets:			
Cash & Cash Equivalents	4,692,347		4,692,347
Capital Assets (Note 4):			
Land and Construction in Progress	729,356		729,356
Other Capital Assets, Net of Depreciation	40,828,633	39,990	40,868,623
Total Assets	<u>49,709,722</u>	<u>198,152</u>	<u>49,907,874</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding Bond Issue	<u>24,744</u>	<u>-</u>	<u>24,744</u>
LIABILITIES			
Accounts Payable	572,996	1,191	574,187
Accrued Interest	377,279		377,279
Payables to Governments	7,696		7,696
Unearned Revenue	31,481	39,824	71,305
Long-Term Liabilities:			
Due Within One Year	1,422,883		1,422,883
Due Beyond One Year	21,668,965		21,668,965
Total Liabilities	<u>24,081,300</u>	<u>41,015</u>	<u>24,122,315</u>
NET POSITION			
Net Investment in Capital Assets	19,567,989	39,990	19,607,979
Restricted for:			
Capital Projects	1,920,494		1,920,494
Debt Service	75,779		75,779
Legal Reserves	2,944,369		2,944,369
Unrestricted	<u>1,144,535</u>	<u>117,147</u>	<u>1,261,682</u>
TOTAL NET POSITION	<u>\$ 25,653,166</u>	<u>\$ 157,137</u>	<u>\$ 25,810,303</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business- Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 8,883,693	\$ 3,756,027	\$ 54,359	\$ 980	\$ 15,147	\$ (12,569,234)		\$ (12,569,234)
Special Education	3,100,626	1,391,808	99,573	36,153	5,290	(4,351,418)		(4,351,418)
Other Special Education	812,306	365,812		45,213	1,388	(1,131,517)		(1,131,517)
Other Instruction	277,479	107,401			470	(384,410)		(384,410)
Support Services:								
Tuition	708,273			360,826		(347,447)		(347,447)
Students & Instruction Related Services	3,631,486	1,497,704		63,996	6,202	(5,058,992)		(5,058,992)
General & Business Administration Services	1,310,473	337,172	116,750		2,035	(1,528,860)		(1,528,860)
School Administration Services	1,169,456	520,685			1,998	(1,688,143)		(1,688,143)
Plant Operations & Maintenance	2,351,712	204,530	76,285			(2,479,957)		(2,479,957)
Pupil Transportation	2,046,174	8,811	4,285			(2,050,700)		(2,050,700)
Interest on Long-Term Debt	809,984					(809,984)		(809,984)
Total Governmental Activities	25,101,662	8,189,950	351,252	507,168	32,530	(32,400,662)	\$ -	(32,400,662)
Business-Type Activities:								
Food Service	583,311		397,259	98,764			(87,288)	(87,288)
Summer Programs	23,962		21,225				(2,737)	(2,737)
Total Business-Type Activities	607,273	-	418,484	98,764	-	-	(90,025)	(90,025)
Total Primary Government	\$ 25,708,935	\$ 8,189,950	\$ 769,736	\$ 605,932	\$ 32,530	(32,400,662)	(90,025)	(32,490,687)
General Revenues and Special Items								
Property Taxes Levied for General Purposes						26,582,012		26,582,012
Property Taxes Levied for Debt Service						2,182,408		2,182,408
Federal & State Aid Not Restricted						4,157,942		4,157,942
Investment Earnings						31,822	707	32,529
Miscellaneous Income						136,924	6	136,930
Special Item-Gain on Disposition of Assets						6,565		6,565
Total General Revenues and Special Items						33,097,673	713	33,098,386
Change in Net Position						697,011	(89,312)	607,699
Net Position-Beginning						24,956,155	246,449	25,202,604
Net Position-Ending						\$ 25,653,166	\$ 157,137	\$ 25,810,303

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 2,828,634			\$ 75,779	\$ 2,904,413
Due from Other Funds	78,006				78,006
Receivables from Other Governments:					
State	251,531		\$ 172,516		424,047
Federal		\$ 109,353			109,353
Local	23,150				23,150
Other Receivables	7,323				7,323
Restricted Cash & Equivalents	2,944,369		1,747,978		4,692,347
TOTAL ASSETS	\$ 6,133,013	\$ 109,353	\$ 1,920,494	\$ 75,779	\$ 8,238,639
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 572,612	\$ 384			\$ 572,996
Due to Other Funds	8,900	78,006			86,906
Payables to Other Governments:					
State		7,696			7,696
Unearned Revenue	8,214	23,267			31,481
Total Liabilities	589,726	109,353	\$ -	\$ -	699,079
Fund Balances:					
Restricted for:					
Excess Surplus	702,390				702,390
Excess Surplus-Designated for Subsequent Year's Expenditures	757,442				757,442
Capital Projects			1,920,494		1,920,494

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014
(Continued)

LIABILITIES AND FUND BALANCES (Cont'd)	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Committed to:					
Capital Reserve Account	\$ 2,359,743				\$ 2,359,743
Maintenance Reserve Account	378,299				378,299
Emergency Reserve Account	206,327				206,327
Assigned to:					
Year-End Encumbrances	499,975				499,975
Designated for Subsequent Year's Expenditures	56,696			\$ 21	56,717
Debt Service Fund-Undesignated				75,758	75,758
Unassigned Fund Balance	582,415				582,415
Total Fund Balances	<u>5,543,287</u>	<u>\$ -</u>	<u>\$ 1,920,494</u>	<u>75,779</u>	<u>7,539,560</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,133,013</u>	<u>\$ 109,353</u>	<u>\$ 1,920,494</u>	<u>\$ 75,779</u>	

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

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

\$ 60,264,834	
<u>18,706,845</u>	41,557,989

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

(23,091,848)

For refunding bond issues, the difference between the reacquisition price and the net carrying
amount of the old debt is reported as a deferred outflow of resources and amortized as a
component of interest expense over the remaining life of the old or new debt, whichever is shorter

Refunding Amount	26,806
Accum. Amortiz.	<u>2,062</u>

24,744

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

(377,279)

Net Position of Governmental Activities

\$ 25,653,166

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 26,582,012			\$ 2,182,408	\$ 28,764,420
Tuition Charges	153,932				153,932
Transportation Fees	2,740				2,740
Interest Earned on Legal Reserve Funds	13,725				13,725
Interest on Investments	18,097				18,097
Local Contributions		\$ 596			596
Miscellaneous	118,250			9,544	127,794
Total	26,888,756	596	\$ -	2,191,952	29,081,304
State Sources	4,150,184		32,530	7,758	4,190,472
Federal Sources		506,572			506,572
Total Revenues	31,038,940	507,168	32,530	2,199,710	33,778,348
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	8,865,777	980			8,866,757
Special Education Instruction	3,060,710	36,153			3,096,863
Other Special Instruction	771,403	40,903			812,306
Other Instruction	275,295				275,295
Support Service & Undistributed Costs:					
Tuition	347,447	360,826			708,273
Student & Instruction Related Services	3,566,545	63,996			3,630,541
General & Business Administrative Services	1,092,805		98,705		1,191,510
School Administrative Services	1,169,356				1,169,356
Plant Operations & Maintenance	2,300,029				2,300,029
Pupil Transportation	1,867,199				1,867,199
Unallocated Benefits	7,000,386	4,310			7,004,696

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 661,251		\$ 77,701		\$ 738,952
Debt Service:					
Principal				\$ 1,331,887	1,331,887
Interest & Other Charges	67,811			805,308	873,119
Total Expenditures	31,046,014	\$ 507,168	176,406	2,137,195	33,866,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,074)	-	(143,876)	62,515	(88,435)
Other Financing Sources (Uses):					
Proceeds from Disposition of Capital Assets	6,565				6,565
Transfers In			1,098,000		1,098,000
Transfers Out	(1,098,000)				(1,098,000)
Proceeds from Refunding Bond Issue			7,905,000		7,905,000
Payment to Refunding Bond Escrow Agent			(8,085,319)		(8,085,319)
Premium on Bond Issue			279,024		279,024
Total Other Financing Sources (Uses)	(1,091,435)	-	1,196,705	-	105,270
Net Change in Fund Balances	(1,098,509)	-	1,052,829	62,515	16,835
Fund Balances, July 1	6,641,796	-	867,665	13,264	7,522,725
Fund Balances, June 30	\$ 5,543,287	\$ -	\$ 1,920,494	\$ 75,779	\$ 7,539,560

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Total Net Changes in Fund Balances-Governmental Fund (from B-2) \$ 16,835

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. Proceeds from the disposition of assets is an other financing source in the governmental funds, while only the gain or loss is reported in the statement of activities. The difference, which is the cost basis of the assets disposed, is a reduction in the reconciliation:

Capital Outlays	\$ 737,448	
Depreciation Expense	<u>(1,407,171)</u>	(669,723)

Government funds report bond proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements (7,905,000)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and are not reported in the statement of activities:

Bond Principal Payments	1,300,000	
Payment to Refunding Agent treated as Deferred Outflow	8,085,319	
NJ EDA Loan Payments	<u>31,887</u>	9,417,206

Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are Unearned & amortized in the statement of activities:

Bond Premium	(279,024)	
Amortization of Bond Premium	<u>75,588</u>	(203,436)

In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 65,197

In the statement of activities, the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter (2,062)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (22,006)

Change in Net Position of Governmental Activities \$ 697,011

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 115,579	\$ 14,097	\$ 7,550	\$ 137,226
Due from Other Funds	8,900			8,900
Receivables from Other Governments:				
State	555			555
Federal	5,239			5,239
Inventory	6,242			6,242
Total Current Assets	<u>136,515</u>	<u>14,097</u>	<u>7,550</u>	<u>158,162</u>
Noncurrent Assets:				
Capital Assets	151,333			151,333
Less: Accumulated Depreciation	111,343			111,343
Total Noncurrent Assets	<u>39,990</u>	<u>-</u>	<u>-</u>	<u>39,990</u>
Total Assets	<u>176,505</u>	<u>14,097</u>	<u>7,550</u>	<u>198,152</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	372	689	130	1,191
Unearned Revenues	21,714	11,550	6,560	39,824
Total Liabilities	<u>22,086</u>	<u>12,239</u>	<u>6,690</u>	<u>41,015</u>
NET POSITION				
Net Investment in Capital Assets	39,990			39,990
Unrestricted	114,429	1,858	860	117,147
TOTAL NET POSITION	<u>\$ 154,419</u>	<u>\$ 1,858</u>	<u>\$ 860</u>	<u>\$ 157,137</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	\$ 196,025			\$ 196,025
Daily Sales-Nonreimbursable Programs	201,234			201,234
Summer Program Fees		\$ 14,355	\$ 6,870	21,225
Total Operating Revenues	397,259	14,355	6,870	418,484
Operating Expenses:				
Costs of Sales	224,191			224,191
Commodity Food Costs	28,110			28,110
Salaries	236,687	11,330	10,279	258,296
Employee Benefits	46,791	938	841	48,570
Purchased Professional Services	2,000			2,000
Purchased Technical Services	2,666			2,666
Purchased Property Services	4,761			4,761
Insurance	2,697			2,697
Management Fee	10,903			10,903
Other Purchased Services	6,052			6,052
General Supplies	12,518	574		13,092
Depreciation	5,560			5,560
Miscellaneous	375			375
Total Operating Expenses	583,311	12,842	11,120	607,273
Operating Income (Loss)	(186,052)	1,513	(4,250)	(188,789)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	4,276			4,276
Federal Sources:				
National School Lunch Program	66,378			66,378
Food Donation Program	28,110			28,110
Miscellaneous	6			6
Interest	707			707
Total Nonoperating Revenues (Expenses)	99,477	-	-	99,477
Change in Net Position	(86,575)	1,513	(4,250)	(89,312)
Net Position, Beginning	240,994	345	5,110	246,449
Net Position, Ending	\$ 154,419	\$ 1,858	\$ 860	\$ 157,137

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash Flows from Operating Activities:				
Receipts from Customers (Net)	\$ 398,942	\$ 11,260	\$ 6,410	\$ 416,612
Payments to Employees	(88,628)	(11,330)	(10,279)	(110,237)
Payments for Employee Benefits	(6,528)	(938)	(841)	(8,307)
Payments to Food Service Management Company	(444,870)			(444,870)
Payments to Vendors (Net)	(22,022)	(260)		(22,282)
Net Cash Provided by (Used for) Operating Activities	(163,106)	(1,268)	(4,710)	(169,084)
Cash Flows from Noncapital Financing Activities:				
State Sources	4,390			4,390
Federal Sources	66,906			66,906
General Fund Interfund Activity	9,774			9,774
Miscellaneous	6			6
Net Cash Provided by (Used for) Noncapital Financing Activities	81,076	-	-	81,076
Cash Flows from Investing Activities:				
Interest Earned on Investments	707	-	-	707
Net Increase (Decrease) in Cash and Cash Equivalents	(81,323)	(1,268)	(4,710)	(87,301)
Cash and Cash Equivalents, July 1	196,902	15,365	12,260	224,527
Cash and Cash Equivalents, June 30	\$ 115,579	\$ 14,097	\$ 7,550	\$ 137,226
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (186,052)	\$ 1,513	\$ (4,250)	\$ (188,789)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	5,560			5,560
Federal Food Donation Program	28,110			28,110
(Increase) Decrease in Inventory	870			870
Increase (Decrease) in Accounts Payable	(12,510)	689	130	(11,691)
Increase (Decrease) in Unearned Revenue	916	(3,470)	(590)	(3,144)
Net Cash Provided by (Used for) Operating Activities	\$ (163,106)	\$ (1,268)	\$ (4,710)	\$ (169,084)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Student Activity Agency Fund	Payroll Agency Fund
ASSETS		
Cash & Cash Equivalents	\$ 51,620	\$ 267,284
TOTAL ASSETS	<u>\$ 51,620</u>	<u>\$ 267,284</u>
LIABILITIES		
Due to Student Groups	\$ 51,620	
Accumulated Interest		\$ 2
Payroll Deductions & Withholdings		<u>267,282</u>
TOTAL LIABILITIES	<u>\$ 51,620</u>	<u>\$ 267,284</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(NOT APPLICABLE TO THIS REPORT)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Basic Financial Statements Include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2014 of 1,780 students.

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

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

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

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

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

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

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

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

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

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

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

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

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

Fiduciary Fund Types

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if required, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2014 were insignificant.

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

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2013-2014 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

J. Capital Assets

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

K. Compensated Absences

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

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

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

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

L. Unearned revenue

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

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

M. Long-Term Obligations

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

N. Fund Balances-Governmental Funds

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

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

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

O. Comparative Data/Reclassifications

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

P. Allocation of Indirect Expenses

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

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

Deposits and investments at June 30, 2014 appear in the financial statements as summarized below:

Cash		\$ 8,052,890
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 7,596,760
Enterprise Fund, Statement of Net Position	B-4	137,226
Fiduciary Funds, Statement of Net Position	B-7	<u>318,904</u>
Total Cash & Investments		<u>\$ 8,052,890</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2014 is \$8,052,890 and the bank balance is \$8,344,994. Of the bank balance, \$250,000 is covered by federal depository insurance and \$8,094,994 is insured by GUDPA.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

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

1. Custodial credit risk disclosures are required for:

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

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

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

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2014, the district had no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 412,362			\$ 412,362
Construction in Progress		\$ 495,524	\$ 178,530	316,994
Total	412,362	495,524	178,530	729,356

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows: (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being				
Depreciated:				
Land Improvements	\$ 2,060,694			\$ 2,060,694
Building & Improvements	52,579,461	\$ 178,530		52,757,991
Furniture & Equipment	2,358,695	67,516		2,426,211
Buses & Other Vehicles	2,229,723	174,408	\$ 113,549	2,290,582
Total	<u>59,228,573</u>	<u>420,454</u>	<u>113,549</u>	<u>59,535,478</u>
Accumulated Depreciation:				
Land Improvements	1,330,158	68,195		1,398,353
Building & Improvements	12,481,261	1,056,859		13,538,120
Furniture & Equipment	1,900,529	92,120		1,992,649
Buses & Other Vehicles	1,701,275	189,997	113,549	1,777,723
Total	<u>17,413,223</u>	<u>1,407,171</u>	<u>113,549</u>	<u>18,706,845</u>
Total Capital Assets, Being				
Depreciated, Net	<u>41,815,350</u>	<u>(986,717)</u>	<u>-0-</u>	<u>40,828,633</u>
Transfers	<u>-0-</u>	<u>(178,530)</u>	<u>(178,530)</u>	<u>-0-</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 42,227,712</u>	<u>\$ (669,723)</u>	<u>\$ -0-</u>	<u>\$ 41,557,989</u>
Business-Type Activities:				
Furniture & Equipment	\$ 151,333			\$ 151,333
Less: Accum Depreciation	<u>105,783</u>	<u>\$ 5,560</u>		<u>111,343</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 45,550</u>	<u>\$ (5,560)</u>	<u>\$ -0-</u>	<u>\$ 39,990</u>

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

Instruction:	
Regular	\$ 557,812
Special Education	192,673
Other Special Instruction	49,551
Co-curricular Activities	18,977
Support Services:	
Student & Instruction	223,038
General & Business Admin	74,972
School Administration	71,431
Plant & Maintenance	41,287
Pupil Transportation	<u>177,430</u>
Total Depreciation Expense,	
Governmental Activities	<u>\$ 1,407,171</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 23,295,000	\$ 7,905,000	\$ 9,210,000	\$ 21,990,000	\$ 1,315,000
EDA Loans Payable	31,887		31,887		
Unamortized Bond Premiums	484,570	279,024	224,101	539,493	75,588
Compensated Absences Payable	540,349	55,585	33,579	562,355	32,295
Total Governmental Activities Long-Term Liabilities	<u>\$ 24,351,806</u>	<u>\$ 8,239,609</u>	<u>\$ 9,499,567</u>	<u>\$ 23,091,848</u>	<u>\$ 1,422,883</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2014 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,315,000	\$ 790,138	\$ 2,105,138
2016	1,370,000	749,962	2,119,962
2017	1,410,000	706,813	2,116,813
2018	1,460,000	658,337	2,118,337
2019	1,535,000	599,163	2,134,163
2020-2024	8,785,000	2,041,700	10,826,700
2025-2027	6,115,000	388,337	6,503,337
Total	<u>\$ 21,990,000</u>	<u>\$ 5,934,450</u>	<u>\$ 27,924,450</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

General Obligation Bonds – General obligation school building bonds payable at June 30, 2014, with their outstanding balances are comprised of the following individual issues:

\$7,905,000 – general obligation refunding bonds due in annual installments of \$50,000 to \$725,000 beginning January 1, 2014 through January 1, 2027, interest from 3.00% to 4.00%	\$ 7,855,000
\$5,415,000 - 2010 general obligation refunding bonds due in annual installments of \$20,000 to \$935,000 beginning January 15, 2011, through July 15, 2019, interest from 1.625% to 5.00%	4,515,000
\$10,000,000 - 2006 general obligation refunding bonds, due in annual installments of \$25,000 to \$1,355,000 beginning January 15, 2008, through July 15, 2026 interest at 4.00%	<u>9,620,000</u>
	<u>\$ 21,990,000</u>

Defeasance of Debt - On October 9, 2013, the District issued \$7,905,000 in general obligation bonds with an average interest rate of 3.30% and a true interest cost of 2.83% to advance refund \$7,910,000 of outstanding 2004 series refunding bonds with an average interest rate of 4.58%. The net proceeds of \$8,085,319 (issue amount of \$7,905,000 plus the bond premium of \$279,024 and less \$98,705 in underwriting fees, insurance, other issuance costs and additional proceeds from rounding amount) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2004 series refunding bonds. As a result, the portion of the 2004 series refunding bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2004 series refunding bonds generated \$936,321 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments plus additional proceeds returned to District) of \$791,490.

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2014 is \$95,592,158. General obligation debt at June 30, 2014 is \$21,990,000. This results in a legal borrowing margin of \$73,602,158.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 6. PENSION PLANS

Description of Systems

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

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

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

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,000 in 2013) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Significant Legislation

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

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

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

Contribution Requirements

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/14	\$ 1,544,513	100%
06/30/13	2,006,071	100%
06/30/12	1,359,062	100%

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/14	\$ 335,444	100%
06/30/13	343,867	100%
06/30/12	459,728	100%

During the year ended June 30, 2014, the State of New Jersey contributed \$959,387 to the TPAF for post-retirement medical benefits and \$47,458 for the non-contributory premiums, and \$537,668 for normal pension costs and accrued liability on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,026,842 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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, 2013, there were 100,134 retirees eligible for post-retirement medical benefits and the state contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2013, the State paid \$173.8 million toward Ch 126 benefits for 17,356 eligible retired members.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

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

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

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

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

NOTE 8. DEFERRED COMPENSATION

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances at June 30, 2014 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 78,006	\$ 8,900
Special Revenue Fund		78,006
Food Service Fund	<u>8,900</u>	
	<u>\$ 86,906</u>	<u>\$ 86,906</u>

The balance due from the Special Revenue Fund to the General Fund of \$78,006 represents a loan from the General Fund due to cash flow issues related to the delayed receipt of grant revenues.

The balance due from the General Fund to the Food Service Fund of \$8,900 represents lunch aid received in the General Fund but not yet disbursed to the Food Service Enterprise Fund as of June 30, 2014.

All interfund balances are to be liquidated within one year.

NOTE 10. INVENTORY

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$ 4,420
Supplies	<u>1,822</u>
	<u>\$ 6,242</u>

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

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

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

NOTE 13. LEGAL RESERVE ACCOUNTS

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

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

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District transferred \$300,000 to their Capital Reserve account by board resolution in June 2014.

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 13. LEGAL RESERVE ACCOUNTS (Cont'd)

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

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Local Funding	With- drawal	Ending Balance
Capital	\$ 3,806,381	\$ 300,000	\$ 12,994	\$ 202,068	\$ 1,961,700	\$ 2,359,743
Emergency	205,596		731			206,327
Maintenance	378,299					378,299
Totals	<u>\$ 4,390,276</u>	<u>\$ 300,000</u>	<u>\$ 13,725</u>	<u>\$ 202,068</u>	<u>\$ 1,961,700</u>	<u>\$ 2,944,369</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 exceeded the balance in the capital reserve account.

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Balance may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2014 and 2013 is as follows:

	2014	2013
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 757,442	\$ 702,390
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	702,390	693,541
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	2,359,743	3,806,381
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	378,299	378,299
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	206,327	205,596
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	499,975	372,039
Designated for Subsequent User's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	56,696	36,715
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>709,094</u>	<u>573,099</u>
Total Fund Balance	<u>\$ 5,669,966</u>	<u>\$ 6,768,060</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2005, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$757,442.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 20, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68". This statement, which is effective for fiscal periods beginning after June 30, 2014, is not expected to have an effect on the District's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 26,582,012		\$ 26,582,012	\$ 26,582,012	
Tuition from Individuals	21,000		21,000	39,800	\$ 18,800
Tuition from Other LEAs Within the State				114,132	114,132
Transportation Fees from Individuals	3,600		3,600	2,740	(860)
Interest Earned on Capital Reserve Funds				12,994	12,994
Interest Earned on Emergency Reserve Funds				731	731
Interest on Investments				18,097	18,097
Building Use Rental Income	35,000		35,000	51,842	16,842
Unrestricted Miscellaneous Revenues	173,750		173,750	66,408	(107,342)
Total	26,815,362	\$ -	26,815,362	26,888,756	73,394
State Sources:					
Categorical Special Education Aid	1,137,296		1,137,296	1,137,296	
Categorical Security Aid	67,253		67,253	67,253	
Categorical Transportation Aid	155,563		155,563	155,563	
Extraordinary Aid	80,000		80,000	183,950	103,950
Adjustment Aid	9,488		9,488	9,488	
Payment for Institutionalized Children-Unknown					
District of Residence				12,003	12,003
Nonpublic Transportation Aid				13,691	13,691
On-Behalf TPAF Pension Contribution				585,126	585,126
On-Behalf TPAF Post Retirement Medical				959,387	959,387
Reimbursed TPAF Social Security Contribution				1,026,842	1,026,842
Total	1,449,600	-	1,449,600	4,150,599	2,700,999
TOTAL REVENUES	\$ 28,264,962	\$ -	\$ 28,264,962	\$ 31,039,355	\$ 2,774,393
EXPENDITURES					
Current:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 264,748	\$ (2,005)	\$ 262,743	\$ 262,096	\$ 647
Grades 1-5	4,213,013	73,966	4,286,979	4,198,369	88,610
Grades 6-8	3,601,940	(89,048)	3,512,892	3,442,903	69,989
Regular Programs-Home Instruction:					
Salaries of Teachers	5,000	12,277	17,277	16,605	672
Purchased Professional-Educational Services	17,000	(11,477)	5,523	2,133	3,390
Other Purchased Services	250	44	294	294	
General Supplies	250		250		250
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	83,590	(515)	83,075	60,750	22,325
Purchased Professional-Educational Services	850	400	1,250	1,175	75
Purchased Technical Services		5,700	5,700	5,700	
Other Purchased Services	130,293	(39,761)	90,532	69,436	21,096
General Supplies	374,327	339,173	713,500	679,282	34,218
Textbooks	186,385	(59,558)	126,827	126,058	769
Other Objects	3,051	(1,550)	1,501	976	525
Total	8,880,697	227,646	9,108,343	8,865,777	242,566
Special Education-Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	184,330	(54,113)	130,217	130,217	
Other Salaries for Instruction	85,068	(39,805)	45,263	45,263	
Other Purchased Services	2,000	(500)	1,500		1,500
General Supplies	2,700	(99)	2,601	2,525	76
Total	274,098	(94,517)	179,581	178,005	1,576

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,020,765	\$ 111,989	\$ 2,132,754	\$ 2,130,746	\$ 2,008
Other Salaries for Instruction	468,253	13,160	481,413	476,480	4,933
General Supplies	18,450	15,133	33,583	33,080	503
Textbooks	650	(573)	77	77	
Total	2,508,118	139,709	2,647,827	2,640,383	7,444
Autism:					
Salaries of Teachers	57,620	(57,620)			
Other Salaries for Instruction	1,500	(1,500)			
Total	59,120	(59,120)	-	-	-
Preschool Disabilities-Part Time:					
Salaries of Teachers	246,045	(45,145)	200,900	200,637	263
Other Salaries for Instruction	66,820	(28,286)	38,534	38,472	62
General Supplies	2,849	540	3,389	3,213	176
Total	315,714	(72,891)	242,823	242,322	501
Total Special Education-Instruction	3,157,050	(86,819)	3,070,231	3,060,710	9,521
Basic Skills/Remedial:					
Salaries of Teachers	768,207	(40,583)	727,624	715,666	11,958
General Supplies	4,490	(2,289)	2,201	1,950	251
Total	772,697	(42,872)	729,825	717,616	12,209
Bilingual Education:					
Salaries of Teachers	65,670	(7,991)	57,679	52,390	5,289
Other Purchased Services	1,210	140	1,350	850	500
General Supplies	540	2,056	2,596	547	2,049
Textbooks	393	(393)			
Total	67,813	(6,188)	61,625	53,787	7,838
School Sponsored Co/Extra Curricular Activities:					
Salaries	97,950	15,996	113,946	107,597	6,349
Purchased Services	7,195	(7,195)			
Supplies & Materials	16,111	(9,866)	6,245	6,245	
Other Objects	415	8	423	423	
Total	121,671	(1,057)	120,614	114,265	6,349
School Sponsored Athletics:					
Salaries	137,500		137,500	137,300	200
Purchased Services	21,180		21,180	15,978	5,202
Supplies & Materials	10,085		10,085	6,727	3,358
Other Objects	1,100		1,100	1,025	75
Total	169,865	-	169,865	161,030	8,835
Total Instruction	\$ 13,169,793	\$ 90,710	\$ 13,260,503	\$ 12,973,185	\$ 287,318
Undistributed Expenditures:					
Instruction-Tuition:					
Private School for Disabled Within the State	\$ 314,317	\$ 23,922	\$ 338,239	\$ 337,447	\$ 792
Private School for Disabled Outside the State		10,000	10,000	10,000	
Total	314,317	33,922	348,239	347,447	792

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Health Services:					
Salaries	\$ 282,812	\$ (1,134)	\$ 281,678	\$ 279,396	\$ 2,282
Purchased Professional & Technical Services	4,374		4,374	3,180	1,194
Other Purchased Services	1,200	810	2,010	1,236	774
Supplies & Materials	36,626	(4,352)	32,274	23,418	8,856
Other Objects	500		500	340	160
Total	325,512	(4,676)	320,836	307,570	13,266
Speech, Occupational Therapy, Physical Therapy and Related Services:					
Salaries	507,845	(3,725)	504,120	503,132	988
Purchased Professional-Educational Services	123,060	228	123,288	94,038	29,250
Supplies & Materials	6,112	711	6,823	6,540	283
Total	637,017	(2,786)	634,231	603,710	30,521
Other Support Services-Students-Extraordinary:					
Salaries	201,989	166,830	368,819	364,564	4,255
Purchased Professional-Educational Services	6,500	(6,500)			-
Total	208,489	160,330	368,819	364,564	4,255
Guidance:					
Salaries of Other Professional Staff	503,663		503,663	503,663	
Salaries of Secretarial & Clerical Assistants	40,490		40,490	40,490	
Other Salaries		1,266	1,266	1,266	
Purchased Professional-Educational Services	1,400	(450)	950	900	50
Other Purchased Services	1,200		1,200	1,173	27
Supplies & Materials	32,616	(6,609)	26,007	25,915	92
Total	579,369	(5,793)	573,576	573,407	169
Child Study Team:					
Salaries of Other Professional Staff	644,638	(6,059)	638,579	617,777	20,802
Salaries of Secretarial & Clerical Assistants	123,413	452	123,865	123,865	
Other Salaries	2,000	519	2,519	2,519	
Other Purchased Professional & Technical Services	53,385	(1,253)	52,132	44,157	7,975
Other Purchased Services	4,200	(1,542)	2,658	700	1,958
Miscellaneous Purchased Services	18,640	(3,133)	15,507	15,507	
Supplies & Materials	13,870	(483)	13,387	13,387	
Total	860,146	(11,499)	848,647	817,912	30,735
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	216,091	(6,680)	209,411	202,539	6,872
Salaries of Other Professional Staff	2,400	480	2,880	2,880	
Salaries of Secretarial & Clerical Assistants	25,183		25,183	25,183	
Other Purchased Professional & Technical Services		200	200	200	
Other Purchased Services	20,785	(1,954)	18,831	18,387	444
Supplies & Materials	2,027	6,285	8,312	8,302	10
Other Objects	3,500	1,121	4,621	4,621	
Total	269,986	(548)	269,438	262,112	7,326
Educational Media Services/School Library:					
Salaries	550,749	(153,630)	397,119	355,496	41,623
Salaries of Technology Coordinators	45,900		45,900	45,900	
Purchased Professional & Technical Services	71,125	(49,443)	21,682	7,739	13,943
Other Purchased Services	77,100	21,323	98,423	94,726	3,697
Supplies & Materials	29,152	(5,015)	24,137	18,290	5,847
Other Objects	50		50		50
Total	774,076	(186,765)	587,311	522,151	65,160

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 66,300	\$ 90	\$ 66,390	\$ 56,641	\$ 9,749
Salaries of Secretarial & Clerical Assistants	25,183		25,183	25,183	
Purchased Professional-Educational Services		3,875	3,875	3,875	
Other Purchased Services	25,489	2,245	27,734	25,832	1,902
Supplies & Materials	6,000	(2,412)	3,588	3,588	
Total	122,972	3,798	126,770	115,119	11,651
Support Services General Administration:					
Salaries	236,503		236,503	233,908	2,595
Legal Services	60,000		60,000	47,401	12,599
Audit Fees	30,000		30,000	25,500	4,500
Architectural/Engineering Services	5,000		5,000	3,400	1,600
Other Purchased Professional Services	18,300		18,300	14,386	3,914
Purchased Technical Services	2,000		2,000		2,000
Communications & Telephone	141,956	2,966	144,922	129,858	15,064
Board of Education Other Purchased Services	6,500		6,500	4,721	1,779
Other Purchased Services	103,011	5,392	108,403	105,213	3,190
General Supplies	4,100		4,100	3,378	722
Board of Education In-House Train/Meeting Supplies	1,700		1,700	452	1,248
Miscellaneous Expenditures	22,324	(19,434)	2,890	2,345	545
Board of Education Membership Dues and Fees	17,600		17,600	17,168	432
Total	648,994	(11,076)	637,918	587,730	50,188
Support Services School Administration:					
Salaries of Principals/Assistant Principals	705,079	500	705,579	705,578	1
Salaries of Secretarial & Clerical Assistants	382,305	450	382,755	381,160	1,595
Purchased Professional & Technical Services	37,975	(37,975)			
Other Purchased Services	20,050	34,614	54,664	51,750	2,914
Supplies & Materials	27,927	(80)	27,847	25,397	2,450
Other Objects	11,920	(4,119)	7,801	5,471	2,330
Total	1,185,256	(6,610)	1,178,646	1,169,356	9,290
Central Services:					
Salaries	395,945	2,588	398,533	398,202	331
Purchased Professional Services	26,450		26,450	12,900	13,550
Purchased Technical Service	13,800		13,800	10,717	3,083
Miscellaneous Purchased Services	9,000	(44)	8,956	5,508	3,448
Supplies & Materials	5,400		5,400	3,032	2,368
Miscellaneous Expenditures	2,400	44	2,444	2,444	
Total	452,995	2,588	455,583	432,803	22,780
Administrative Information Technology:					
Salaries	76,650	(3,538)	73,112	71,703	1,409
Other Purchased Services	4,000		4,000	569	3,431
Other Objects	1,200		1,200		1,200
Total	81,850	(3,538)	78,312	72,272	6,040
Required Maintenance for School Facilities:					
Salaries	356,709	(2,500)	354,209	345,859	8,350
Cleaning Repair & Maintenance Services	168,334	3,952	172,286	170,354	1,932
General Supplies	91,596	(15,078)	76,518	43,919	32,599
Total	616,639	(13,626)	603,013	560,132	42,881

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 156,099	\$ 8,350	\$ 164,449	\$ 156,764	\$ 7,685
Purchased Professional & Technical Services	32,500	40,294	72,794	69,431	3,363
Cleaning Repair & Maintenance Services	513,500	42,229	555,729	529,111	26,618
Other Purchased Property Services	20,850	5,000	25,850	22,974	2,876
Insurance	36,985	12,832	49,817	49,817	
Miscellaneous Purchased Services		3,420	3,420	3,024	396
General Supplies	160,598	(14,260)	146,338	89,959	56,379
Energy (Natural Gas)	181,113	85,000	266,113	217,206	48,907
Energy (Electricity)	608,073	(142,260)	465,813	454,872	10,941
Other Objects	3,000		3,000	1,533	1,467
Total	1,712,718	40,605	1,753,323	1,594,691	158,632
Care & Upkeep of Grounds:					
Salaries	108,801	(31,819)	76,982	55,990	20,992
Cleaning, Repair, and Maintenance Services	13,673	19,926	33,599	26,000	7,599
General Supplies	27,834	5,558	33,392	33,392	-
Total	150,308	(6,335)	143,973	115,382	28,591
Security:					
Purchased Professional & Technical Services	14,500	15,324	29,824	29,824	
Total	14,500	15,324	29,824	29,824	-
Student Transportation Services:					
Salaries of Non-Instructional Aides	10,305	289	10,594	10,585	9
Salaries-Pupil Transportation (Between Home & School)-Regular	583,400	(48,044)	535,356	533,667	1,689
Salaries-Pupil Transportation (Between Home & School)-Special Education	155,431	(20,004)	135,427	135,074	353
Salaries-Pupil Transportation (Other Than Between Home & School)	25,000	(2,002)	22,998	22,997	1
Management Fee-ESC Transportation Program	7,849	5,000	12,849	10,452	2,397
Other Purchased Professional & Technical Services	83,063	(54)	83,009	82,815	194
Cleaning Repair & Maintenance Services	19,280	3,386	22,666	22,666	
Contracted Services (Aid in Lieu of Payments-Choice School Students)	2,700	(2,700)			
Contracted Services (Other Than Between Home & School)-Vendors		8,000	8,000	4,332	3,668
Contracted Services (Between Home & School)-Joint Agreements	61,981	11,441	73,422	61,192	12,230
Contracted Services (Reg Students)-ESCs & CTSA's		7,448	7,448	7,448	
Contracted Services (Special Education Students)-ESCs & CTSA's	135,600	47,327	182,927	181,892	1,035
Miscellaneous Purchased Services-Transportation	34,570	(1,377)	33,193	30,609	2,584
General Supplies	2,560	(5)	2,555	317	2,238
Transportation Supplies	281,420	10,002	291,422	258,810	32,612
Other Objects	150		150	150	
Total	1,403,309	18,707	1,422,016	1,363,006	59,010
Allocated Benefits-Student Transportation Services:					
Social Security Contributions	60,000		60,000	55,388	4,612
Other Retirement Contributions-PERS	82,420	(15,331)	67,089	67,089	
Other Retirement Contributions-Regular	2,350	400	2,750	2,594	156
Unemployment Compensation	5,000	55	5,055	5,055	
Workmen's Compensation	36,365	(665)	35,700	35,700	
Health Benefits	435,811	(87,584)	348,227	335,213	13,014
Other Employee Benefits	2,616	5,640	8,256	3,154	5,102
Total	624,562	(97,485)	527,077	504,193	22,884

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	\$ 285,006		\$ 285,006	\$ 270,257	\$ 14,749
Other Retirement Contributions-PERS	310,056	\$ (2,712)	307,344	268,355	38,989
Other Retirement Contributions-Regular	7,500	2,312	9,812	9,812	
Unemployment Compensation	67,100	1	67,101	65,322	1,779
Workmen's Compensation	145,461		145,461	133,799	11,662
Health Benefits	3,929,956	(279,373)	3,650,583	3,516,323	134,260
Tuition Reimbursement	97,000		97,000	55,700	41,300
Other Employee Benefits	79,200	40,000	119,200	109,463	9,737
Total	4,921,279	(239,772)	4,681,507	4,429,031	252,476
Total Employee Benefits	5,545,841	(337,257)	5,208,584	4,933,224	275,360
On-Behalf TPAF Pension Contributions				585,126	(585,126)
On-Behalf TPAF Post Retirement Medical				959,387	(959,387)
Reimbursed TPAF Social Security Contributions				1,026,842	(1,026,842)
Total	-	-	-	2,571,355	(2,571,355)
Total Undistributed Expenditures	\$ 15,904,294	\$ (315,235)	\$ 15,589,059	\$ 17,343,767	\$ (1,754,708)
TOTAL CURRENT	\$ 29,074,087	\$ (224,525)	\$ 28,849,562	\$ 30,316,952	\$ (1,467,390)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 14,202	\$ 62,630	\$ 76,832	\$ 42,200	\$ 34,632
Support Services-Students-Regular		12,107	12,107	12,107	
Custodial Services		11,438	11,438	11,438	
Care and Upkeep of Grounds		3,275	3,275	3,275	
School Buses-Regular	174,408	185,714	360,122	174,408	185,714
Total	188,610	275,164	463,774	243,428	220,346
Facilities Acquisition and Construction Services:					
Legal Services	37,100	(15,475)	21,625		21,625
Architectural/Engineering Services	50,300	90,591	140,891	42,209	98,682
Other Purchased Professional & Technical Svc		375	375		375
Construction Services	551,300	149,509	700,809	375,614	325,195
NJ SDA Debt Service Assessment	104,560	(36,749)	67,811	67,811	
Total	743,260	188,251	931,511	485,634	445,877
TOTAL CAPITAL OUTLAY	\$ 931,870	\$ 463,415	\$ 1,395,285	\$ 729,062	\$ 666,223
TOTAL EXPENDITURES	\$ 30,005,957	\$ 238,890	\$ 30,244,847	\$ 31,046,014	\$ (801,167)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,740,995)	\$ (238,890)	\$ (1,979,885)	\$ (6,659)	\$ 1,973,226
Other Financing Sources (Uses):					
Proceeds from Sale of Assets				6,565	6,565
Transfer Out-Capital Reserve Fund to Capital Projects Fund		(1,098,000)	(1,098,000)	(1,098,000)	
Total Other Financing Sources (Uses)	-	(1,098,000)	(1,098,000)	(1,091,435)	6,565
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,740,995)	(1,336,890)	(3,077,885)	(1,098,094)	1,979,791
Fund Balances, July 1	6,768,060		6,768,060	6,768,060	
Fund Balances, June 30	\$ 5,027,065	\$ (1,336,890)	\$ 3,690,175	\$ 5,669,966	\$ 1,979,791

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Adjustment for Prior Year Encumbrances	\$ (372,039)		\$ (372,039)	\$ (372,039)	
Increase in Capital Reserve		\$ 515,062	515,062	515,062	
Increase in Emergency Reserve		731	731	731	
Withdrawals from Capital Reserve	(638,700)	(1,323,000)	(1,961,700)	(1,961,700)	
Budgeted Fund Balance	<u>(730,256)</u>	<u>(529,683)</u>	<u>(1,259,939)</u>	<u>719,852</u>	<u>\$ 1,979,791</u>
TOTAL	<u>\$ (1,740,995)</u>	<u>\$ (1,336,890)</u>	<u>\$ (3,077,885)</u>	<u>\$ (1,098,094)</u>	<u>\$ 1,979,791</u>
RECAPITULATION OF FUND BALANCE				Actual	
Restricted Fund Balance:					
Excess Surplus:					
Prior Year-Designated for 2013-2014 Budget				\$ 702,390	
Current Year-Designated for 2014-2015 Budget				757,442	
Committed Fund Balance:					
Capital Reserve				2,359,743	
Maintenance Reserve				378,299	
Emergency Reserve				206,327	
Assigned Fund Balance:					
Year-End Encumbrances				499,975	
Designated for Subsequent Year's Expenditures				56,696	
Unassigned Fund Balance				<u>709,094</u>	
				5,669,966	
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(126,679)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 5,543,287</u>	

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Not Applicable to this Report)

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 3,021		\$ 3,021	\$ 563	\$ (2,458)
State Sources	7,696	\$ (7,696)			
Federal Sources	504,106		504,106	494,241	(9,865)
TOTAL REVENUES	<u>\$ 514,823</u>	<u>\$ (7,696)</u>	<u>\$ 507,127</u>	<u>\$ 494,804</u>	<u>\$ (12,323)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 36,000	\$ (502)	\$ 35,498	\$ 35,498	
Purchased Professional & Technical Services	7,696	(7,696)			
Other Purchased Services	360,826	293	361,119	361,119	
General Supplies	36,178	(1,444)	34,734	28,648	\$ 6,086
Other Objects	500		500	495	5
Totals	<u>441,200</u>	<u>(9,349)</u>	<u>431,851</u>	<u>425,760</u>	<u>6,091</u>
Support Services:					
Salaries	17,149		17,149	17,149	
Personal Services Employee Benefits	8,050	502	8,552	6,575	1,977
Purchased Professional & Technical Services	34,500	5,600	40,100	38,600	1,500
Other Purchased Services	13,924	(4,449)	9,475	6,720	2,755
Total	<u>73,623</u>	<u>1,653</u>	<u>75,276</u>	<u>69,044</u>	<u>6,232</u>
TOTAL EXPENDITURES	<u>\$ 514,823</u>	<u>\$ (7,696)</u>	<u>\$ 507,127</u>	<u>\$ 494,804</u>	<u>\$ 12,323</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

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

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 31,039,355	\$ 494,804
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		23,313
Adjustment to Prior Year Encumbrances		(16)
Outstanding Encumbrances Current Year		(10,933)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	126,264	
State Aid Receivable Current Year	(126,679)	
Total Revenues (GAAP Basis)	<u>\$ 31,038,940</u>	<u>\$ 507,168</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 31,046,014	\$ 494,804
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		23,313
Adjustment to Prior Year Encumbrances		(16)
Outstanding Encumbrances Current Year		(10,933)
Total Expenditures (GAAP Basis)	<u>\$ 31,046,014</u>	<u>\$ 507,168</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	NCLB Title I	NCLB Title IIA	NCLB Title III Immigrant	IDEA Basic	IDEA Preschool	Local Grants	Totals
REVENUES							
Local Sources						\$ 563	\$ 563
Federal Sources	\$ 54,078	\$ 25,475	\$ 4,449	\$ 397,265	\$ 12,974		494,241
TOTAL REVENUES	<u>\$ 54,078</u>	<u>\$ 25,475</u>	<u>\$ 4,449</u>	<u>\$ 397,265</u>	<u>\$ 12,974</u>	<u>\$ 563</u>	<u>\$ 494,804</u>
EXPENDITURES							
Instruction:							
Salaries	\$ 34,498			\$ 1,000			\$ 35,498
Other Purchased Services				361,119			361,119
General Supplies	6,405		\$ 4,449	16,156	\$ 1,075	\$ 563	28,648
Other Objects				495			495
Totals	<u>40,903</u>	<u>\$ -</u>	<u>4,449</u>	<u>378,770</u>	<u>1,075</u>	<u>563</u>	<u>425,760</u>
Support Services:							
Salaries				5,250	11,899		17,149
Personal Services-Employee Benefits	6,575						6,575
Purchased Professional & Technical Services	6,600	20,000		12,000			38,600
Other Purchased Services		5,475		1,245			6,720
Total	<u>13,175</u>	<u>25,475</u>	<u>-</u>	<u>18,495</u>	<u>11,899</u>	<u>-</u>	<u>69,044</u>
TOTAL EXPENDITURES	<u>\$ 54,078</u>	<u>\$ 25,475</u>	<u>\$ 4,449</u>	<u>\$ 397,265</u>	<u>\$ 12,974</u>	<u>\$ 563</u>	<u>\$ 494,804</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/13
			Prior Years	Current Year	
ROD 1-HVAC Upgrades	04/30/09	\$ 780,436	\$ 353,590		\$ 426,846
ROD 1-Boiler Replacements	04/30/09	1,522,570	1,080,301		442,269
Window Replacement at Readington Middle School	06/03/14	310,000			310,000
Security Surveillance Upgrades at All Four Schools	06/03/14	375,000		\$ 18,989	356,011
Roof Replacement at Three Bridges and Whitehouse Elementary Schools	06/03/14	1,145,000		58,712	1,086,288
		<u>\$ 4,133,006</u>	<u>\$ 1,433,891</u>	<u>\$ 77,701</u>	<u>\$ 2,621,414</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Revenues and Other Financing Sources:	
Local Sources-Capital Reserve Transfer	\$ 1,098,000
State Sources-SDA Aid	733,450
Total Revenues	<u>1,831,450</u>
Expenditures and Other Financing Uses:	
Legal Services	2,118
Purchased Professional & Technical Services	75,583
	<u>77,701</u>
Change in Fund Balance	1,753,749
Fund Balance-Beginning	<u>867,665</u>
Fund Balance-Ending	<u><u>\$ 2,621,414</u></u>
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 2,621,414
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	172,516
Budgetary Basis (Schedule K-4)	<u>(873,436)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u><u>\$ 1,920,494</u></u>
<u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 733,450
Adjustment to GAAP Basis	<u>(700,920)</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u><u>\$ 32,530</u></u>

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROD 1 PROJECT-HVAC UPGRADES AT THREE BRIDGES AND WHITEHOUSE
ELEMENTARY AND READINGTON MIDDLE SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Additional Project Information

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

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROD 1 PROJECT-BOILER REPLACEMENT AT WHITEHOUSE
ELEMENTARY AND READINGTON MIDDLE SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,089,000		\$ 1,089,000	\$ 1,089,000
State Sources-SDA Grant	432,120	\$ 1,450	433,570	433,570
Total Revenues	1,521,120	1,450	1,522,570	1,522,570
Expenditures and Other Financing Uses:				
Legal Services	6,038		6,038	14,688
Purchased Professional & Technical Services	169,562		169,562	225,982
Construction Services	904,701		904,701	1,281,900
Total Expenditures	1,080,301	-	1,080,301	1,522,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 440,819	\$ 1,450	\$ 442,269	\$ -

Additional Project Information

Project Number	4350-050-09-1002
Project Number	4350-070-09-1005
Grant Date	04/30/09
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,522,570
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,522,570
Percentage Completion	71%

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
SECURITY SURVEILLANCE UPGRADES
AT ALL FOUR SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve		\$ 186,000	\$ 186,000	\$ 186,000
State Sources-SDA Grant		124,000	124,000	124,000
Total Revenues	\$ -	310,000	310,000	310,000
Expenditures and Other Financing Uses:				
Legal Services				24,974
Purchased Professional & Technical Services				23,648
Construction Services				261,378
Total Expenditures	-	-	-	310,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 310,000	\$ 310,000	\$ -

Additional Project Information

Project Number	4350-030-14-1005
Project Number	4350-050-14-1006
Project Number	4350-060-14-1007
Project Number	4350-070-14-1008
Grant Date	06/03/14
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 310,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 310,000
Percentage Completion	0%

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
PHASE 2 OF WINDOW REPLACEMENT
AT READINGTON MIDDLE SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve		\$ 225,000	\$ 225,000	\$ 225,000
State Sources-SDA Grant		150,000	150,000	150,000
Total Revenues	\$ -	375,000	375,000	375,000
Expenditures and Other Financing Uses:				
Legal Services		1,106	1,106	10,000
Purchased Professional & Technical Services		17,883	17,883	65,000
Construction Services				300,000
Total Expenditures	-	18,989	18,989	375,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 356,011	\$ 356,011	\$ -

Additional Project Information	
Project Number	4350-050-13-3002
Grant Date	06/03/14
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 375,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 375,000
Percentage Completion	5%

READINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROOF REPLACEMENT AT THREE BRIDGES ELEMENTARY
AND WHITEHOUSE ELEMENTARY SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from Capital Reserve		\$ 687,000	\$ 687,000	\$ 687,000
State Sources-SDA Grant		458,000	458,000	458,000
Total Revenues	\$ -	1,145,000	1,145,000	1,145,000
Expenditures and Other Financing Uses:				
Legal Services		1,012	1,012	14,530
Purchased Professional & Technical Services		57,700	57,700	89,870
Construction Services				1,040,600
Total Expenditures	-	58,712	58,712	1,145,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 1,086,288	\$ 1,086,288	\$ -

Additional Project Information

Project Number	4350-060-13-3003
Project Number	4350-070-13-3004
Grant Date	06/03/14
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,145,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,145,000
Percentage Completion	5%

PROPRIETARY FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2014

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 115,579	\$ 14,097	\$ 7,550	\$ 137,226
Due from Other Funds	8,900			8,900
Receivables from Other Governments:				
State	555			555
Federal	5,239			5,239
Inventory	6,242			6,242
Total Current Assets	<u>136,515</u>	<u>14,097</u>	<u>7,550</u>	<u>158,162</u>
Noncurrent Assets:				
Capital Assets	151,333			151,333
Less: Accumulated Depreciation	111,343			111,343
Total Noncurrent Assets	<u>39,990</u>	<u>-</u>	<u>-</u>	<u>39,990</u>
Total Assets	<u>176,505</u>	<u>14,097</u>	<u>7,550</u>	<u>198,152</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	372	689	130	1,191
Unearned Revenues	21,714	11,550	6,560	39,824
Total Liabilities	<u>22,086</u>	<u>12,239</u>	<u>6,690</u>	<u>41,015</u>
NET POSITION				
Net Investment in Capital Assets	39,990			39,990
Unrestricted	114,429	1,858	860	117,147
TOTAL NET POSITION	<u>\$ 154,419</u>	<u>\$ 1,858</u>	<u>\$ 860</u>	<u>\$ 157,137</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating Revenues:				
Charges for Services:				
Daily Sales-Reimbursable Programs	\$ 196,025			\$ 196,025
Daily Sales-Nonreimbursable Programs	201,234			201,234
Summer Program Fees		\$ 14,355	\$ 6,870	21,225
Total Operating Revenues	397,259	14,355	6,870	418,484
Operating Expenses:				
Costs of Sales	224,191			224,191
Commodity Food Costs	28,110			28,110
Salaries	236,687	11,330	10,279	258,296
Employee Benefits	46,791	938	841	48,570
Purchased Professional Services	2,000			2,000
Purchased Technical Services	2,666			2,666
Purchased Property Services	4,761			4,761
Insurance	2,697			2,697
Management Fee	10,903			10,903
Other Purchased Services	6,052			6,052
General Supplies	12,518	574		13,092
Depreciation	5,560			5,560
Miscellaneous	375			375
Total Operating Expenses	583,311	12,842	11,120	607,273
Operating Income (Loss)	(186,052)	1,513	(4,250)	(188,789)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	4,276			4,276
Federal Sources:				
National School Lunch Program	66,378			66,378
Food Donation Program	28,110			28,110
Miscellaneous	6			6
Interest	707			707
Total Nonoperating Revenues (Expenses)	99,477	-	-	99,477
Change in Net Position	(86,575)	1,513	(4,250)	(89,312)
Net Position, Beginning	240,994	345	5,110	246,449
Net Position, Ending	\$ 154,419	\$ 1,858	\$ 860	\$ 157,137

READINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash Flows from Operating Activities:				
Receipts from Customers (Net)	\$ 398,942	\$ 11,260	\$ 6,410	\$ 416,612
Payments to Employees	(88,628)	(11,330)	(10,279)	(110,237)
Payments for Employee Benefits	(6,528)	(938)	(841)	(8,307)
Payments to Food Service Management Company	(444,870)			(444,870)
Payments to Vendors (Net)	(22,022)	(260)		(22,282)
Net Cash Provided by (Used for) Operating Activities	(163,106)	(1,268)	(4,710)	(169,084)
Cash Flows from Noncapital Financing Activities:				
State Sources	4,390			4,390
Federal Sources	66,906			66,906
General Fund Interfund Activity	9,774			9,774
Miscellaneous	6			6
Net Cash Provided by (Used for) Noncapital Financing Activities	81,076	-	-	81,076
Cash Flows from Investing Activities:				
Interest Earned on Investments	707	-	-	707
Net Increase (Decrease) in Cash and Cash Equivalents	(81,323)	(1,268)	(4,710)	(87,301)
Cash and Cash Equivalents, July 1	196,902	15,365	12,260	224,527
Cash and Cash Equivalents, June 30	\$ 115,579	\$ 14,097	\$ 7,550	\$ 137,226
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (186,052)	\$ 1,513	\$ (4,250)	\$ (188,789)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	5,560			5,560
Federal Food Donation Program	28,110			28,110
(Increase) Decrease in Inventory	870			870
Increase (Decrease) in Accounts Payable	(12,510)	689	130	(11,691)
Increase (Decrease) in Unearned Revenue	916	(3,470)	(590)	(3,144)
Net Cash Provided by (Used for) Operating Activities	\$ (163,106)	\$ (1,268)	\$ (4,710)	\$ (169,084)

FIDUCIARY FUND

DETAIL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS			
Cash & Cash Equivalents	\$ 51,620	\$ 267,284	\$ 318,904
TOTAL ASSETS	<u>\$ 51,620</u>	<u>\$ 267,284</u>	<u>\$ 318,904</u>
LIABILITIES			
Due to Student Groups	\$ 51,620		\$ 51,620
Accumulated Interest		\$ 2	2
Payroll Deductions & Withholdings		<u>267,282</u>	<u>267,282</u>
TOTAL LIABILITIES	<u>\$ 51,620</u>	<u>\$ 267,284</u>	<u>\$ 318,904</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(NOT APPLICABLE TO THIS REPORT)

READINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash & Cash Equivalents	\$ 55,069	\$ 172,612	\$ 176,061	\$ 51,620
TOTAL ASSETS	<u>\$ 55,069</u>	<u>\$ 172,612</u>	<u>\$ 176,061</u>	<u>\$ 51,620</u>
LIABILITIES				
Accounts Payable	\$ 121		\$ 121	
Due to Student Groups:				
Holland Brook School	15,076	\$ 64,376	60,064	\$ 19,388
Readington Middle School	19,139	79,767	79,949	18,957
Three Bridges School	10,153	17,140	21,602	5,691
Whitehouse School	10,580	11,329	14,325	7,584
TOTAL LIABILITIES	<u>\$ 55,069</u>	<u>\$ 172,612</u>	<u>\$ 176,061</u>	<u>\$ 51,620</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash & Cash Equivalents	\$ 234,223	\$ 20,574,651	\$ 20,541,590	\$ 267,284
Due from Other Funds	336	4,554	4,890	
TOTAL ASSETS	<u>\$ 234,559</u>	<u>\$ 20,579,205</u>	<u>\$ 20,546,480</u>	<u>\$ 267,284</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 234,542	\$ 8,902,963	\$ 8,870,238	\$ 267,267
Accumulated Interest	2			2
Net Payroll	15	11,676,242	11,676,242	15
TOTAL LIABILITIES	<u>\$ 234,559</u>	<u>\$ 20,579,205</u>	<u>\$ 20,546,480</u>	<u>\$ 267,284</u>

LONG-TERM DEBT SCHEDULES

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

READINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/13	Issued	Retired	Balance 06/30/14
			Date	Amount					
NJ EDA Low Interest Loan	08/18/93	\$ 116,000				\$ 6,105		\$ 6,105	
NJ EDA Small Projects Loan	08/18/93	348,000				25,782		25,782	
Refunding School Bonds of 2004	10/01/04	10,640,000				8,365,000		8,365,000	
Refunding School Bonds of 2006	12/14/06	10,000,000	07/15/14	\$ 30,000	4.00%				
			07/15/15-						
			07/15/17	35,000					
			07/15/18	40,000					
			07/15/19	780,000					
			07/15/20	1,095,000					
			07/15/21	1,135,000					
			07/15/22	1,190,000					
			07/15/23	1,240,000					
			07/15/24	1,295,000					
			07/15/25	1,355,000					
			07/15/26	1,355,000		9,650,000		30,000	\$ 9,620,000

READINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Issued	Retired	Balance
			Date	Amount		07/01/13			06/30/14
Refunding School Bonds of 2010	11/24/10	\$ 5,415,000	07/15/14	\$ 790,000	1.625%				
					3.00%				
			07/15/15	820,000	3.00%				
					4.00%				
			07/15/16	850,000	3.00%				
			07/15/17	885,000	4.00%				
					4.50%				
			07/15/18	935,000	4.00%				
					5.00%				
			07/15/19	235,000	3.50%	\$ 5,280,000		\$ 765,000	\$ 4,515,000
Refunding School Bonds of 2013	10/09/13	7,905,000	01/01/15	495,000	3.00%				
			01/01/16	515,000	3.00%				
			01/01/17	525,000	3.00%				
			01/01/18	540,000	3.63%				
			01/01/19	560,000	3.87%				
			01/01/20	580,000	4.00%				
			01/01/21	605,000	3.00%				
			01/01/22	625,000	3.00%				
			01/01/23	640,000	3.00%				
			01/01/24	660,000	3.13%				
			01/01/25	685,000	3.25%				
			01/01/26	700,000	3.38%				
			01/01/27	725,000	3.50%				
							\$ 7,905,000	50,000	7,855,000
Totals						\$ 23,326,887	\$ 7,905,000	\$ 9,241,887	\$ 21,990,000

Analysis of Amount Retired	
Defeasance of 2004 Bonds	\$ 7,910,000
Paid from Budget Appropriation	1,331,887
	<u>\$ 9,241,887</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(NOT APPLICABLE TO THIS REPORT)

READINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,182,408		\$ 2,182,408	\$ 2,182,408	
Miscellaneous				9,544	\$ 9,544
State Sources:					
Debt Service Aid State Support	7,758		7,758	7,758	
Total Revenues	<u>2,190,166</u>	<u>\$ -</u>	<u>2,190,166</u>	<u>2,199,710</u>	<u>9,544</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds & NJ EDA Loans	921,522	(50,000)	871,522	805,308	66,214
Redemption of Principal-Bonds & NJ EDA Loans	<u>1,281,887</u>	<u>50,000</u>	<u>1,331,887</u>	<u>1,331,887</u>	
Total Expenditures	<u>2,203,409</u>	<u>-</u>	<u>2,203,409</u>	<u>2,137,195</u>	<u>66,214</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,243)	-	(13,243)	62,515	75,758
Fund Balance, July 1	<u>13,264</u>	<u>-</u>	<u>13,264</u>	<u>13,264</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 75,779</u>	<u>\$ 75,758</u>
Recapitulation of Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses:					
Budgeted Fund Balance	<u>\$ (13,243)</u>	<u>\$ -</u>	<u>\$ (13,243)</u>	<u>\$ 62,515</u>	<u>\$ 75,758</u>

STATISTICAL SECTION

READINGTON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 12,773,094	\$ 14,030,277	\$ 14,039,908	\$ 15,381,288	\$ 18,148,935	\$ 18,354,636	\$ 19,168,645	\$ 18,823,939	\$ 18,900,825	\$ 19,567,989
Restricted	444,699	1,123,465	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014	5,271,205	4,940,642
Unrestricted	1,807,823	930,872	3,314,361	1,126,691	1,415,899	965,065	725,876	1,123,822	784,125	1,144,535
TOTAL GOVERNMENTAL ACTIVITIES										
NET POSITION	<u>\$ 15,025,616</u>	<u>\$ 16,084,614</u>	<u>\$ 19,286,318</u>	<u>\$ 20,829,488</u>	<u>\$ 22,444,411</u>	<u>\$ 22,949,937</u>	<u>\$ 23,174,157</u>	<u>\$ 24,456,775</u>	<u>\$ 24,956,155</u>	<u>\$ 25,653,166</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 41,999	\$ 35,764	\$ 29,571	\$ 23,378	\$ 29,764	\$ 37,872	\$ 30,263	\$ 43,297	\$ 45,550	\$ 39,990
Unrestricted	170,420	201,694	234,823	263,393	284,554	252,121	284,185	253,785	200,899	117,147
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 212,419</u>	<u>\$ 237,458</u>	<u>\$ 264,394</u>	<u>\$ 286,771</u>	<u>\$ 314,318</u>	<u>\$ 289,993</u>	<u>\$ 314,448</u>	<u>\$ 297,082</u>	<u>\$ 246,449</u>	<u>\$ 157,137</u>
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 12,815,093	\$ 14,066,041	\$ 14,069,479	\$ 15,404,666	\$ 18,178,699	\$ 18,392,508	\$ 19,198,908	\$ 18,867,236	\$ 18,946,375	\$ 19,607,979
Restricted	444,699	1,123,465	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014	5,271,205	4,940,642
Unrestricted	1,978,243	1,132,566	3,549,184	1,390,084	1,700,453	1,217,186	1,010,061	1,377,607	985,024	1,261,682
TOTAL DISTRICT-WIDE	<u>\$ 15,238,035</u>	<u>\$ 16,322,072</u>	<u>\$ 19,550,712</u>	<u>\$ 21,116,259</u>	<u>\$ 22,758,729</u>	<u>\$ 23,239,930</u>	<u>\$ 23,488,605</u>	<u>\$ 24,753,857</u>	<u>\$ 25,202,604</u>	<u>\$ 25,810,303</u>

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 12,848,806	\$ 12,923,094	\$ 13,675,467	\$ 13,510,602	\$ 13,190,998	\$ 13,370,985	\$ 12,978,633	\$ 12,797,258	\$ 13,434,484	\$ 12,639,720
Special Education	2,739,974	3,281,165	3,234,525	3,834,363	3,869,467	3,990,987	4,256,991	4,357,246	4,600,346	4,492,434
Other Special Education	60,200	1,135,955	708,048	822,782	1,068,158	1,138,559	1,218,113	1,233,805	1,160,214	1,178,118
Other Instruction	176,689	245,359	201,116	243,486	300,984	288,351	307,976	367,467	369,819	384,880
Support Services:										
Tuition	601,488	596,012	689,358	794,673	533,058	553,980	724,867	495,464	614,482	708,273
Student & Instruction Related Services	3,634,831	3,813,832	4,225,803	4,629,712	4,817,680	5,135,703	4,595,912	4,841,487	5,015,386	5,129,190
General & Business Administrative Services	1,311,967	1,382,099	1,773,338	1,709,839	1,690,800	1,731,386	1,714,006	1,786,567	1,351,217	1,647,645
School Administration	1,466,720	1,613,554	1,583,155	1,611,821	1,544,345	1,694,551	1,635,008	1,654,804	1,725,208	1,690,141
Plant Operations & Maintenance	2,456,776	2,795,990	2,917,148	3,045,023	3,134,763	3,201,640	2,492,943	2,360,481	2,450,613	2,556,242
Pupil Transportation	1,990,520	1,876,084	1,945,539	2,364,779	2,413,981	2,163,025	2,124,628	1,947,401	2,035,908	2,054,985
Special Schools						16,072				
Transfer to Charter Schools	16,448	8,305	17,563							
Interest on Long Term Debt	1,242,299	1,351,924	1,100,234	1,233,751	1,222,922	1,147,982	1,062,815	1,047,243	1,014,502	809,984
Total Governmental Activities Expenses	<u>28,546,718</u>	<u>31,023,373</u>	<u>32,071,294</u>	<u>33,800,831</u>	<u>33,787,156</u>	<u>34,433,221</u>	<u>33,111,892</u>	<u>32,889,223</u>	<u>33,772,179</u>	<u>33,291,612</u>
Business-Type Activities:										
Food Services	573,101	596,617	654,574	652,762	661,060	686,536	649,107	657,727	613,691	583,311
Summer Programs				35,590	30,352	24,341	21,617	27,067	29,760	23,962
Total Business-Type Activities	<u>573,101</u>	<u>596,617</u>	<u>654,574</u>	<u>688,352</u>	<u>691,412</u>	<u>710,877</u>	<u>670,724</u>	<u>684,794</u>	<u>643,451</u>	<u>607,273</u>
TOTAL DISTRICT EXPENSES	<u>\$ 29,119,819</u>	<u>\$ 31,619,990</u>	<u>\$ 32,725,868</u>	<u>\$ 34,489,183</u>	<u>\$ 34,478,568</u>	<u>\$ 35,144,098</u>	<u>\$ 33,782,616</u>	<u>\$ 33,574,017</u>	<u>\$ 34,415,630</u>	<u>\$ 33,898,885</u>

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 1,656	\$ 264		\$ 13,983	\$ 13,782	\$ 23,050	\$ 21,257	\$ 30,187	\$ 22,832	\$ 54,359
Special Education Instruction								22,418	50,263	99,573
Student & Instructional Related Services	182	84		398	157	474	40			
General & Business Administrative Services	3,650	27	\$ 9	41	4,656	2,851	50,000	50,000	30,000	116,750
Plant Operations & Maintenance	15,915	50,283	77,373	57,963	52,317	56,113	52,756	48,598	63,965	76,285
Pupil Transportation	29,669	30,048	19,561	23,775	28,920	33,197	5,985	21,028	25,160	4,285
Operating Grants & Contributions	723,059	199,829	542,850	802,395	544,617	703,907	681,329	500,139	535,302	507,168
Capital Grants & Contributions	5,904,644	767,539			230,036	263,681	265,594	43,716		32,530
Total Governmental Activities Program Revenues	6,678,775	1,048,074	639,793	898,555	874,485	1,083,273	1,076,961	716,086	727,522	890,950
Business-Type Activities:										
Charges for Services:										
Food Service	481,057	523,850	585,096	568,271	581,848	555,039	563,547	527,490	461,034	397,259
Summer Programs				40,042	33,350	24,650	21,220	23,935	27,618	21,225
Operating Grants & Contributions	88,140	97,330	96,414	99,913	96,710	105,648	109,288	113,827	103,253	98,764
Total Business-Type Activities Program Revenues	569,197	621,180	681,510	708,226	711,908	685,337	694,055	665,252	591,905	517,248
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 7,247,972</u>	<u>\$ 1,669,254</u>	<u>\$ 1,321,303</u>	<u>\$ 1,606,781</u>	<u>\$ 1,586,393</u>	<u>\$ 1,768,610</u>	<u>\$ 1,771,016</u>	<u>\$ 1,381,338</u>	<u>\$ 1,319,427</u>	<u>\$ 1,408,198</u>
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (21,867,943)	\$ (29,975,299)	\$ (31,431,501)	\$ (32,902,276)	\$ (32,912,671)	\$ (33,349,948)	\$ (32,034,931)	\$ (32,173,137)	\$ (33,044,657)	\$ (32,400,662)
Business-Type Activities	(3,904)	24,563	26,936	19,874	20,496	(25,540)	23,331	(19,542)	(51,546)	(90,025)
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (21,871,847)</u>	<u>\$ (29,950,736)</u>	<u>\$ (31,404,565)</u>	<u>\$ (32,882,402)</u>	<u>\$ (32,892,175)</u>	<u>\$ (33,375,488)</u>	<u>\$ (32,011,600)</u>	<u>\$ (32,192,679)</u>	<u>\$ (33,096,203)</u>	<u>\$ (32,490,687)</u>

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES & OTHER										
CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 22,462,985	\$ 24,785,591	\$ 27,923,891	\$ 27,023,340	\$ 28,085,596	\$ 27,038,539	\$ 27,703,081	\$ 27,426,050	\$ 26,586,701	\$ 26,582,012
Property Taxes Levied for Debt Service	2,193,345	2,108,750	2,112,486	2,000,212	2,103,521	2,118,903	1,889,894	2,183,349	2,194,238	2,182,408
Unrestricted Grants & Contributions	3,623,971	3,901,630	4,857,784	5,092,380	4,219,457	4,617,847	2,995,051	3,660,562	4,560,512	4,157,942
Tuition Received										
Investment Earnings	172,609	204,263	257,320	258,834	86,279	28,904	25,829	51,050	30,540	31,822
Miscellaneous Income	92,754	24,063	25,032	72,558	26,253	30,116	89,905	117,490	144,537	136,924
Special Item-Proceeds from Insurance Claim									25,448	
Special Item-Prior Period Adjustment	(280,061)									
Special Item-Payment to Refunding Bond Agent	(918,748)		(546,679)				(444,609)			
Special Item-Gain (Loss) on Disposition of Assets	1,250	10,000	3,371	(1,878)	6,488	21,165		17,254	2,061	6,565
Total Governmental Activities	<u>27,348,105</u>	<u>31,034,297</u>	<u>34,633,205</u>	<u>34,445,446</u>	<u>34,527,594</u>	<u>33,855,474</u>	<u>32,259,151</u>	<u>33,455,755</u>	<u>33,544,037</u>	<u>33,097,673</u>
Business-Type Activities:										
Investment Earnings				2,503	2,384	1,102	1,045	2,176	913	707
Miscellaneous Income	876	476			4,667	113	79			6
Total Business-Type Activities	<u>876</u>	<u>476</u>	<u>-</u>	<u>2,503</u>	<u>7,051</u>	<u>1,215</u>	<u>1,124</u>	<u>2,176</u>	<u>913</u>	<u>713</u>
TOTAL DISTRICT-WIDE	<u>\$ 27,348,981</u>	<u>\$ 31,034,773</u>	<u>\$ 34,633,205</u>	<u>\$ 34,447,949</u>	<u>\$ 34,534,645</u>	<u>\$ 33,856,689</u>	<u>\$ 32,260,275</u>	<u>\$ 33,457,931</u>	<u>\$ 33,544,950</u>	<u>\$ 33,098,386</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 5,480,162	\$ 1,058,998	\$ 3,201,704	\$ 1,543,170	\$ 1,614,923	\$ 505,526	\$ 224,220	\$ 1,282,618	\$ 499,380	\$ 697,011
Business-Type Activities	(3,028)	25,039	26,936	22,377	27,547	(24,325)	24,455	(17,366)	(50,633)	(89,312)
TOTAL DISTRICT	<u>\$ 5,477,134</u>	<u>\$ 1,084,037</u>	<u>\$ 3,228,640</u>	<u>\$ 1,565,547</u>	<u>\$ 1,642,470</u>	<u>\$ 481,201</u>	<u>\$ 248,675</u>	<u>\$ 1,265,252</u>	<u>\$ 448,747</u>	<u>\$ 607,699</u>

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Restricted	\$ 337,839	\$ 47,764	\$ 404,863	\$ 926,910	\$ 1,139,005	\$ 1,215,750	\$ 1,295,601	\$ 1,342,586	\$ 1,395,931	\$ 1,459,832
Committed	215,465	222,989	252,388	2,991,100	2,452,968	1,011,553	1,701,127	3,592,253	4,390,276	2,944,369
Assigned	1,983,351	1,536,413	3,481,370	930,692	1,059,129	536,084	267,295	953,701	408,754	556,671
Unassigned	229,210	546,906	562,188	583,882	517,470	464,788	647,356	445,833	446,835	582,415
Total General Fund	<u>\$ 2,765,865</u>	<u>\$ 2,354,072</u>	<u>\$ 4,700,809</u>	<u>\$ 5,432,584</u>	<u>\$ 5,168,572</u>	<u>\$ 3,228,175</u>	<u>\$ 3,911,379</u>	<u>\$ 6,334,373</u>	<u>\$ 6,641,796</u>	<u>\$ 5,543,287</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 1,096,675	\$ 1,274,698	\$ 1,667,156	\$ 1,331,766	\$ 436,505	\$ 2,628,165	\$ 1,585,938	\$ 901,465	\$ 867,665	\$ 1,920,494
Assigned, Reported In:										
Debt Service Fund	53,547	27,919	139,471	8,580	41	455	2,508	15,296	13,264	75,779
Total All Other Governmental Funds	<u>\$ 1,150,222</u>	<u>\$ 1,302,617</u>	<u>\$ 1,806,627</u>	<u>\$ 1,340,346</u>	<u>\$ 436,546</u>	<u>\$ 2,628,620</u>	<u>\$ 1,588,446</u>	<u>\$ 916,761</u>	<u>\$ 880,929</u>	<u>\$ 1,996,273</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tax Levy	\$ 24,656,330	\$ 26,894,341	\$ 30,036,377	\$ 29,023,552	\$ 30,189,117	\$ 29,157,442	\$ 29,592,975	\$ 29,609,399	\$ 28,780,939	\$ 28,764,420
Tuition Charges				8,921	13,650	23,050	21,104	52,605	70,290	153,932
Transportation Fees	29,669	26,623	18,266	23,327	28,920	32,058	2,340	3,240	3,976	2,740
Interest Earnings	172,609	204,263	257,320	258,834	86,279	28,904	25,829	51,050	30,540	31,822
Miscellaneous	112,904	55,215	94,081	70,373	89,887	110,723	107,123	105,781	143,231	128,390
State Sources	3,641,314	3,905,166	4,879,757	5,101,579	4,222,290	4,618,592	2,996,620	3,596,796	4,562,436	4,157,942
State Sources-Capital Projects	5,904,644	767,539			230,036	263,681	265,594	43,716		32,530
Federal Sources	691,872	179,786	518,436	778,437	519,609	667,274	666,366	550,742	519,018	506,572
Total Revenues	35,209,342	32,032,933	35,804,237	35,265,023	35,379,788	34,901,724	33,677,951	34,013,329	34,110,430	33,778,348
Expenditures:										
Instruction:										
Regular Instruction	9,797,210	9,840,839	9,961,869	9,619,521	9,717,006	9,473,762	9,197,202	8,923,049	9,248,836	8,865,777
Special Education Instruction	1,886,633	2,422,178	2,302,977	2,552,239	2,752,680	2,753,078	2,837,376	2,935,415	3,077,130	3,060,710
Other Special Instruction	45,270	835,782	501,983	572,837	752,258	799,152	836,210	834,278	757,010	771,403
School Sponsored/Other Instructional	141,369	193,233	158,377	187,533	229,070	210,693	219,503	257,875	262,570	275,295
Support Services:										
Tuition	229,448	538,846	404,181	388,057	112,998	22,972	342,118	186,502	205,805	347,447
Student & Instruction Related Services	2,844,471	2,884,706	2,952,976	3,259,066	3,520,906	3,655,341	3,253,594	3,390,964	3,451,729	3,566,545
General Administration	621,844	683,553	860,907	688,095	679,115	644,047	681,554	610,822	537,283	587,730
School Administration Services	1,156,865	1,237,748	1,135,626	1,130,523	1,181,275	1,208,303	1,142,257	1,173,417	1,217,813	1,169,356
Central Services	374,724	359,071	445,378	458,036	472,596	456,892	447,153	454,006	418,120	432,803
Administrative Information Technology	93,975	103,281	131,882	179,676	184,359	192,899	141,994	63,445	30,307	72,272
Plant Operations & Maintenance	2,229,080	2,451,734	2,572,666	2,688,078	2,748,294	2,750,409	2,208,103	2,071,894	2,178,294	2,300,029
Pupil Transportation	1,822,874	1,693,658	1,736,452	1,908,135	1,927,922	1,941,299	1,901,384	1,716,881	1,818,183	1,867,199
Employee Benefits	3,132,647	3,837,604	3,769,832	4,010,776	4,269,281	4,892,720	4,601,797	4,474,216	4,452,886	4,429,031
On-Behalf TPAF Pension & Social Security Contribution	1,478,487	1,707,422	2,648,848	2,814,709	2,001,933	2,024,497	2,053,485	2,394,144	3,081,345	2,571,355
Capital Outlay	485,953	410,427	456,517	1,365,238	487,562	320,360	80,839	18,521	288,060	661,251
Special Schools						16,072				
Transfers to Charter Schools	16,448	8,305	17,563							
Special Revenue Funds	723,059	199,829	542,850	802,395	544,617	703,907	681,329	500,139	535,302	507,168
Capital Projects Fund	10,200,214	750,502	351,721	335,390	2,853,297	436,021	1,211,976	37,037	33,800	176,406
Debt Service:										
Principal	885,872	774,561	1,000,330	901,130	916,977	3,326,837	1,163,763	1,164,737	1,230,786	1,331,887
Interest & Other Charges	1,307,435	1,369,052	1,143,202	1,238,126	1,203,254	1,215,112	1,107,132	1,071,932	1,041,089	873,119
Total Expenditures	39,473,878	32,302,331	33,096,137	35,099,560	36,555,400	37,044,373	34,108,769	32,279,274	33,866,348	33,866,783
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(4,264,536)	(269,398)	2,708,100	165,463	(1,175,612)	(2,142,649)	(430,818)	1,734,055	244,082	(88,435)
Other Financing Sources (Uses):										
Deposit on Sale of Bonds										
Proceeds from Bond Issue & Refunding Bond Issue	10,640,000		10,000,000				5,415,000			7,905,000
Premium on Bond Issue	235,570		22,326				458,457			279,024
Temporary Notes Financed in Debt Service Fund						2,364,000				
Payments to Refunding Bond Escrow Agent	(10,703,748)		(9,902,679)				(5,799,609)			(8,085,319)
Proceeds from Disposition of Capital Assets	1,250	10,000	23,000	54,000	7,800	30,326		17,254	2,061	6,565
Proceeds from Sale or Trade In of Supplies				46,031						
Insurance Claim Proceeds for Flooding Damage									25,448	
Total Other Financing Sources (Uses)	173,072	10,000	142,647	100,031	7,800	2,394,326	73,848	17,254	27,509	105,270
Net Change in Fund Balances	\$ (4,091,464)	\$ (259,398)	\$ 2,850,747	\$ 265,494	\$ (1,167,812)	\$ 251,677	\$ (356,970)	\$ 1,751,309	\$ 271,591	\$ 16,835
Debt Service as a Percentage of Noncapital Expenditures	8.25%	7.39%	7.11%	6.84%	6.82%	14.31%	7.43%	7.46%	7.26%	7.15%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects fund and debt service.

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

Description	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Interest Income	\$ 128,666	\$ 187,331	\$ 243,749	\$ 250,932	\$ 85,644	\$ 28,449	\$ 25,708	\$ 51,050	\$ 51,050	\$ 31,822
Tuition				8,921	13,650	23,050	21,104	52,605	52,605	153,932
Transportation Fees	29,669	26,623	18,266	23,327	28,920	32,058	2,340	3,240	3,240	2,740
Building Use Rental Income	15,915	24,860	77,373	40,351	47,948	53,224	46,821	39,495	48,701	51,842
Prior Year Refunds	1,406	8,700	7,805	11,102	11,305	149	765	7,875	2,738	14,616
Bid Spec Fees	3,500				4,600	2,800				
Insurance Claims						338				
Insurance Refunds/Rebates		3,645				15,037				
Fines		1,259	1,257							
Recycling Proceeds						1,225				
Sale of Surplus Supplies									4,873	
Donations					3,136				26,000	
Prior Year Outstanding Checks Canceled				3,578	300	562	3,112	35	19	57
Prior Year Accounts Payable Canceled	77,165					690				
E-Rate Telephone Rebates							43,026	42,498	46,520	43,878
Miscellaneous:										
Account Balances Canceled					68			215		
Grants	905									
Refunds		80		255	135			2,500		
Other	169	76	205	328	220	810	5			7,857
Annual Totals	<u>\$ 257,395</u>	<u>\$ 252,574</u>	<u>\$ 348,655</u>	<u>\$ 338,794</u>	<u>\$ 195,926</u>	<u>\$ 158,392</u>	<u>\$ 142,881</u>	<u>\$ 199,513</u>	<u>\$ 235,746</u>	<u>\$ 306,744</u>

Source: District Records

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Vacant Land	\$ 39,301,400	\$ 40,094,700	\$ 36,031,500	\$ 34,914,260	\$ 33,696,200	\$ 34,795,800	\$ 27,970,300	\$ 25,304,300	\$ 35,670,602	\$ 36,540,300
Residential	2,105,634,700	2,123,314,500	2,137,249,000	2,151,444,900	2,154,643,100	2,172,275,700	2,075,417,700	2,024,958,200	1,989,936,800	2,007,826,300
Farm Regular	129,024,400	135,322,600	134,808,000	138,461,600	141,413,100	140,856,600	136,828,300	137,991,300	133,364,572	128,271,821
Q Farm	4,723,279	4,782,575	4,665,174	4,627,500	4,636,337	4,277,344	4,132,562	4,197,992	4,171,297	4,235,707
Commercial	486,627,050	486,047,800	479,132,100	452,457,800	454,458,300	434,530,900	436,529,600	435,330,900	432,721,600	429,259,800
Industrial	23,027,200	21,709,500	21,709,500	50,137,700	51,437,700	49,100,200	52,183,200	51,523,000	51,486,800	51,486,800
Apartment	2,067,600	2,067,600	2,067,600	1,281,400	1,281,400	1,193,900	1,193,900	1,111,400	1,368,100	1,368,100
Total Assessed Value	2,790,405,629	2,813,339,275	2,815,662,874	2,833,325,160	2,841,566,137	2,837,030,444	2,734,255,562	2,680,417,092	2,648,719,771	2,658,988,828
Public Utilities (a)	5,948,561	5,336,048	5,248,369	4,927,162	4,171,952	4,581,241	6,296,043	4,845,327	4,355,257	4,447,256
Net Valuation Taxable	<u>\$ 2,796,354,190</u>	<u>\$ 2,818,675,323</u>	<u>\$ 2,820,911,243</u>	<u>\$ 2,838,252,322</u>	<u>\$ 2,845,738,089</u>	<u>\$ 2,841,611,685</u>	<u>\$ 2,740,551,605</u>	<u>\$ 2,685,262,419</u>	<u>\$ 2,653,075,028</u>	<u>\$ 2,663,436,084</u>
Estimated Actual County Equal. Value	<u>\$ 3,227,649,263</u>	<u>\$ 3,539,720,986</u>	<u>\$ 3,897,391,775</u>	<u>\$ 3,802,175,449</u>	<u>\$ 3,659,066,138</u>	<u>\$ 3,659,066,138</u>	<u>\$ 3,480,065,530</u>	<u>\$ 3,207,815,577</u>	<u>\$ 3,172,017,011</u>	<u>\$ 3,105,323,638</u>
Percentage of Net Valuation to Estimated Actual County Equalized Value	<u>86.64%</u>	<u>79.63%</u>	<u>72.38%</u>	<u>74.65%</u>	<u>77.77%</u>	<u>77.66%</u>	<u>78.75%</u>	<u>83.71%</u>	<u>83.64%</u>	<u>85.77%</u>
Total Direct School Tax Rate (b)	<u>\$ 0.92</u>	<u>\$ 1.01</u>	<u>\$ 1.05</u>	<u>\$ 1.04</u>	<u>\$ 1.04</u>	<u>\$ 1.04</u>	<u>\$ 1.08</u>	<u>\$ 1.09</u>	<u>\$ 1.09</u>	<u>\$ 1.08</u>

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

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

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

(b) Tax rates are per \$100

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	(From J-6)				
				Municipality		County		
2005	\$ 0.85	\$ 0.07	\$ 0.92	\$ 0.51	\$ 0.35	\$ 0.43	\$ 2.21	
2006	0.94	0.07	1.01	0.57	0.35	0.45	2.38	
2007	0.98	0.07	1.05	0.61	0.37	0.46	2.49	
2008	0.97	0.07	1.04	0.63	0.40	0.45	2.52	
2009	0.97	0.07	1.04	0.65	0.44	0.44	2.57	
2010	0.97	0.07	1.04	0.68	0.45	0.43	2.60	
2011	1.00	0.08	1.08	0.71	0.45	0.43	2.67	
2012	1.01	0.08	1.09	0.69	0.47	0.42	2.67	
2013	1.01	0.08	1.09	0.70	0.51	0.43	2.73	
2014	1.00	0.08	1.08	0.69	0.52	0.43	2.72	

Sources: Municipal Tax Collector

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

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

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

	2014			2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Merck & Co	\$ 215,389,800	1	8.09%	\$ 227,942,913	1	8.15%
Federal Insurance Co	55,507,800	2	2.08%	76,900,000	2	2.75%
Toll NJ I LLC	19,884,100	3	0.75%			
Lamington River Farms	12,304,000	4	0.46%	14,525,500	3	0.52%
Individual Property Owner #1	9,845,000	5	0.37%			
Transcontinental Gas Pipeline	8,274,600	6	0.31%	8,334,400	4	0.30%
Whitehouse Mall	6,587,400	7	0.25%	6,587,400	6	0.24%
Somerville Associates	5,700,000	8	0.21%	5,849,913	8	0.21%
Salem Realty II LLC	5,540,000	9	0.21%			
Bishop & Bishop Land Partnership	5,539,700	10	0.21%	5,539,700	9	0.20%
Stanton Golf Properties				7,483,100	5	0.27%
United Telephone Company of NJ				6,224,015	7	0.22%
Individual Property Owner #2				5,500,000	10	0.20%
	<u>344,572,400</u>		<u>12.94%</u>	<u>364,886,941</u>		<u>13.06%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2004	\$ 58,048,247	\$ 57,348,685	98.79%
2005	62,467,903	61,819,952	98.96%
2006	67,449,810	66,498,988	98.59%
2007	70,631,965	69,586,821	98.52%
2008	72,004,045	70,898,947	98.47%
2009	73,577,354	72,475,977	98.50%
2010	74,377,407	73,315,883	98.57%
2011	73,420,299	72,519,236	98.77%
2012	71,821,194	70,769,184	98.54%
2013	72,657,276	71,689,623	98.67%

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

(a)

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2005	\$ 30,738,008					\$ 30,738,008	3.14%	\$ 1,898
2006	29,963,447					29,963,447	3.07%	1,856
2007	29,607,117					29,607,117	2.83%	1,837
2008	28,705,987					28,705,987	2.61%	1,783
2009	27,789,010			\$ 2,364,000		30,153,010	2.71%	1,868
2010	26,826,173					26,826,173	2.51%	1,659
2011	25,722,410					25,722,410	2.44%	1,595
2012	24,557,673					24,557,673	2.20%	1,527
2013	23,326,887					23,326,887	2.03%	1,461
2014	21,990,000					21,990,000	N/A	1,367

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

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

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 30,738,008		\$ 30,738,008	1.10%	\$ 1,898
2006	29,963,447		29,963,447	1.06%	1,856
2007	29,607,117		29,607,117	1.05%	1,837
2008	28,705,987		28,705,987	1.01%	1,783
2009	27,789,010		27,789,010	0.98%	1,722
2010	26,826,173		26,826,173	0.94%	1,659
2011	25,722,410		25,722,410	0.94%	1,595
2012	24,557,673		24,557,673	0.91%	1,527
2013	23,326,887		23,326,887	0.88%	1,461
2014	21,990,000		21,990,000	0.83%	1,367

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 57,457,380	100.00	\$ 57,457,380
Regional High School	16,580,000	34.29	5,684,775
County General Obligation Debt	69,514,672	14.91	<u>10,362,502</u>
Subtotal, Overlapping Debt			73,504,657
School District Direct Debt			<u>22,500,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 96,004,657</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis

2013	\$ 3,088,165.758
2012	3,204,707.188
2011	<u>3,266,342.805</u>

\$ 9,559,215.751

Average Equalized Valuation of Taxable Property

\$ 3,186,405.250

Debt Limit (3.0% of Average Equalization Value)

\$ 95,592.158 (a)

Total Net Debt Applicable to Limit

21,990.000

Legal Debt Margin

\$ 73,602.158

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 78,729,526	\$ 88,194,797	\$ 97,995,901	\$ 107,160,518	\$ 113,312,549	\$ 113,516,416	\$ 111,275,512	\$ 105,035,670	\$ 100,736,283	\$ 95,592,158
Total Net Debt Applicable	<u>31,505,635</u>	<u>30,730,986</u>	<u>30,285,245</u>	<u>31,748,115</u>	<u>30,849,138</u>	<u>27,504,301</u>	<u>26,400,538</u>	<u>24,557,673</u>	<u>23,326,887</u>	<u>21,990,000</u>
Legal Debt Margin	<u>\$ 47,223,891</u>	<u>\$ 57,463,811</u>	<u>\$ 67,710,656</u>	<u>\$ 75,412,403</u>	<u>\$ 82,463,411</u>	<u>\$ 86,012,115</u>	<u>\$ 84,874,974</u>	<u>\$ 80,477,997</u>	<u>\$ 80,477,997</u>	<u>\$ 73,602,158</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	40.02%	34.84%	30.90%	29.63%	27.22%	24.23%	23.73%	23.38%	23.16%	23.00%

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

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

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2005	16,147	\$ 1,049,587,294	\$ 65,002	2.6%
2006	16,114	1,047,442,228	65,002	2.9%
2007	16,100	1,100,773,100	68,371	2.5%
2008	16,141	1,110,936,607	68,827	3.3%
2009	16,169	1,068,140,309	66,061	6.0%
2010	16,127	1,053,834,942	65,346	6.2%
2011	16,086	1,115,724,960	69,360	6.1%
2012	15,961	1,151,282,891	72,131	6.3%
2013	16,090	N/A	N/A	6.3%
2014	16,090	N/A	N/A	N/A

Sources:

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

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction:										
Regular	128.0	155.0	158.0	158.6	134.5	135.4	129.7	129.3	127.9	126.4
Special Education	36.0	61.0	56.0	64.4	56.8	63.2	58.8	50.4	66.5	76.5
Other Special Education	19.0	25.0	9.0	9.0	13.0	13.0	11.5	24.8	12.6	11.5
Support Services:										
Student and Instruction Related Services	44.0	52.0	54.0	38.3	48.4	50.0	41.0	46.0	44.8	43.8
General Administration	3.0	3.0	2.0	2.4	2.5	2.5	2.1	2.1	2.1	2.0
School Administration Services	17.0	20.0	18.0	18.0	17.0	18.0	15.5	15.5	15.5	15.5
Other Administrative Services	1.5	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	5.0	5.0	7.0	7.0	7.0	7.0	6.7	6.7	6.0	6.0
Administrative Information Technology	1.0	1.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Plant Operations and Maintenance	24.0	30.0	30.0	28.0	31.0	28.0	13.0	12.6	13.3	13.3
Pupil Transportation	32.0	25.0	26.0	25.0	25.0	23.5	19.5	18.6	19.4	19.4
Total	<u>310.5</u>	<u>379.0</u>	<u>363.0</u>	<u>353.7</u>	<u>338.2</u>	<u>343.6</u>	<u>300.8</u>	<u>308.0</u>	<u>310.1</u>	<u>316.4</u>

Sources: District Personnel Records

READINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	2,271	\$ 26,594,404	\$ 11,710	10.44%	213	1 to 10.66	2,240.5	2,150.6	0.24%	95.99%
2006	2,283	28,997,789	12,702	8.46%	243	1 to 9.30	2,170.2	2,113.9	-3.14%	97.41%
2007	2,258	30,144,367	13,350	5.10%	248	1 to 9.10	2,237.7	2,149.8	3.11%	96.07%
2008	2,208	31,259,676	14,157	6.05%	250	1 to 8.83	2,254.7	2,170.1	0.76%	96.25%
2009	2,164	31,094,310	14,369	1.49%	230	1 to 9.41	2,033.1	1,969.4	-9.83%	96.87%
2010	2,097	31,746,043	15,139	5.36%	214	1 to 9.80	2,089.4	2,004.1	2.77%	95.92%
2011	2,040	30,545,059	14,973	-1.09%	209	1 to 9.76	2,030.5	1,953.2	-2.82%	96.19%
2012	1,955	29,987,047	15,339	2.44%	206	1 to 9.49	1,959.1	1,880.5	-3.52%	95.99%
2013	1,875	31,272,613	16,679	8.74%	200	1 to 9.38	1,844.1	1,762.6	-5.87%	95.58%
2014	1,780	30,824,120	17,317	3.83%	195	1 to 9.13	1,777.9	1,706.0	-3.59%	95.96%

Source: District Records

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDINGS	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary:										
<u>Whitehouse School (1916)</u>										
Square Feet	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (Students)	456	456	456	531	531	531	531	531	531	531
Enrollment	389	526	504	488	450	411	385	372	337	342
<u>Three Bridges School (1950)</u>										
Square Feet	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	345	345	345	445	445	445	445	445	445	445
Enrollment	326	435	444	438	414	415	382	373	337	317
<u>Holland Brook School (1999)</u>										
Square Feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	537	537	537	653	653	653	653	653	653	653
Enrollment	766	521	490	497	503	496	497	463	429	405
Middle:										
<u>Readington Middle School (1962)</u>										
Square Feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	667	667	667	832	832	832	832	832	832	832
Enrollment	760	787	796	764	771	743	763	742	748	709

Number of Schools at June 30, 2014

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

Source: District Facilities Office
N/A=Not Available

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

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

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

*School Facilities

Fiscal Year Ended	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	Total
2005	\$ 58,801	\$ 83,148	\$ 89,108	\$ 118,507	\$ 349,564
2006	109,515	91,687	101,128	158,830	461,160
2007	117,675	96,698	115,746	227,477	557,596
2008	142,786	136,058	143,337	185,722	607,903
2009	100,520	91,969	166,069	174,239	532,797
2010	108,313	112,045	204,589	206,633	631,580
2011	99,942	105,405	179,268	165,132	549,747
2012	115,270	100,249	142,749	177,767	536,035
2013	128,858	108,675	181,545	202,067	621,145
2014	146,587	100,587	124,561	188,397	560,132
	<u>\$ 1,128,267</u>	<u>\$ 1,026,521</u>	<u>\$ 1,448,100</u>	<u>\$ 1,804,771</u>	<u>\$ 5,407,659</u>

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

READINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents (Insurance Cooperative)	\$ 250,000,000	\$ 2,500
Comprehensive General Liability	5,000,000	
Blanket Dishonesty Bond	500,000	2,500
Pollution Liability-School Alliance Insurance		
Fund through ACE Insurance Company:		
Claim Limit	1,000,000	10,000
School Board Legal Liability-School Alliance Insurance		
Fund through National Union Fire Insurance Company of		
Pittsburgh PA:		
Policy Limit	5,000,000	10,000
Worker's Compensation-School Alliance Insurance Fund:		
Per Accident, Disease and Disease Limit	5,000,000	
Excess Liability-School Alliance Insurance Fund:		
Policy Limit	5,000,000	
Public Employees' Faithful Performance-Selective Insurance Company:		
Business Administrator's Bond	250,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 20, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Readington Township School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 20, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

October 20, 2014

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Readington Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2014. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

William M. Colantano, Jr.

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

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated October 20, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2013	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2014		
											Accounts Receivable	Deferred Revenue	Due to Grantor
Special Revenue Fund:													
US Department of Education Passed Through													
State Department of Education:													
NCLB Title I Part A	84.010A	NCLB- 435013	\$ 35,594	09/01/2012- 08/31/2013	\$ (14,541)		\$ 14,541						
NCLB Title I Part A	84.010A	NCLB- 435012	27,090	09/01/2011- 08/31/2012	(6,381)				\$ 6,381				
NCLB Title I Part A	84.010A	NCLB- 435014	56,055	07/01/2013- 06/30/2014			36,538	\$ 54,078			\$ (19,517)	\$ 1,977	
NCLB Title II Part A	84.367A	NCLB- 435013	24,237	09/01/2012- 08/31/2013	(229)		229						
NCLB Title II Part A	84.367A	NCLB- 435014	25,475	07/01/2013- 06/30/2014			15,500	25,475			(9,975)		
NCLB Title III Immigrant	84.365A	NCLB- 435013	6,152	09/01/2012- 08/31/2013				4,449			(4,449)		
IDEA Basic	84.027	IDEA- 435013	411,992	09/01/2012- 08/31/2013	(230,369)		251,344	20,975					
IDEA Basic	84.027	IDEA- 435014	383,955	07/01/2013- 06/30/2014			321,263	376,289			(62,692)	7,666	
IDEA Preschool	84.173	IDEA- 435013	14,235	09/01/2012- 08/31/2013	(7,829)		7,833	14	10				
IDEA Preschool	84.173	IDEA- 435014	13,193	07/01/2013- 06/30/2014			473	12,961			(12,720)	232	
Total Special Revenue Fund					(259,349)	\$ -	647,721	494,241	\$ 6,391	\$ -	(109,353)	9,875	\$ -
US Department of Agriculture Passed													
Through State Department of Agriculture:													
Enterprise Fund:													
Food Donation Program	10.550	N/A	25,266	07/01/2012- 06/30/2013	1,761			1,761					
Food Donation Program	10.550	N/A	27,716	07/01/2013- 06/30/2014			27,716	26,349				1,367	
National School Lunch Program	10.555	N/A	72,305	07/01/2012- 06/30/2013	(5,767)		5,767						
National School Lunch Program	10.555	N/A	66,378	07/01/2013- 06/30/2014			61,139	66,378			(5,239)		
Total Enterprise Fund					(4,006)	-	94,622	94,488	-	-	(5,239)	1,367	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (263,355)	\$ -	\$ 742,343	\$ 588,729	\$ 6,391	\$ -	\$ (114,592)	\$ 11,242	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2013		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2014			MEMO	
				Deferred Rev (Accts Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education													
General Fund:													
Categorical Special Education Aid	14-495-034 -5120-089	\$ 1,137,296	07/01/2013- 06/30/2014			\$ 1,137,296	\$ 1,137,296					\$ 105,192	\$ 1,137,296
Categorical Security Aid	14-495-034 -5120-084	67,253	07/01/2013- 06/30/2014			67,253	67,253					6,220	67,253
Categorical Transportation Aid	14-495-034 -5120-014	155,563	07/01/2013- 06/30/2014			155,563	155,563					14,389	155,563
Adjustment Aid	14-495-034 -5120-085	9,488	07/01/2013- 06/30/2014			9,488	9,488					878	9,488
Payment for Institutionalized Children-Unknown District of Residence	14-495-034 -5120-005	12,003	07/01/2013- 06/30/2014			10,811	12,003		\$ (1,192)				12,003
Extraordinary Aid	14-100-034 -5120-473	106,341	07/01/2012- 06/30/2013	\$ (106,341)		106,341							106,341
Extraordinary Aid	14-100-034 -5120-473	183,950	07/01/2012- 06/30/2013				183,950		(183,950)				183,950
Nonpublic Transportation Aid	13-495-034 -5120-014	13,891	07/01/2012- 06/30/2013	(13,891)		13,891							13,891
Nonpublic Transportation Aid	14-495-034 -5120-014	13,691	07/01/2013- 06/30/2014				13,691		(13,691)				13,691
On-Behalf TPAF Pension Contribution-Post Retirement Medical	14-495-034 -5095-001	959,387	07/01/2013- 06/30/2014			959,387	959,387						959,387
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	14-495-034 -5095-007	47,458	07/01/2013- 06/30/2014			47,458	47,458						47,458
On-Behalf TPAF Pension Contribution- Normal Costs and Accrued Liability	14-495-034 -5095-006	537,668	07/01/2013- 06/30/2014			537,668	537,668						537,668
Reimbursed TPAF Social Security Contribution	13-495-034 -5095-002	1,075,274	07/01/2012- 06/30/2013	(53,505)		53,505							1,075,274
Reimbursed TPAF Social Security Contribution	14-495-034 -5095-002	1,026,842	07/01/2013- 06/30/2014			974,144	1,026,842		(52,698)				1,026,842
Total General Fund				(173,737)	\$ -	4,072,805	4,150,599	\$ -	(251,531)	\$ -	\$ -	126,679	5,346,105
Special Revenue Fund:													
Nonpublic Handicapped Aid Examination and Classification	14-100-034 -5120-066	2,228	07/01/2013- 06/30/2014			2,228					2,228		2,228
Nonpublic Handicapped Aid Corrective Speech	13-100-034 -5120-066	1,562	07/01/2012- 06/30/2013		859			859					1,562
Nonpublic Handicapped Aid Corrective Speech	13-100-034 -5120-067	5,468	07/01/2013- 06/30/2014			5,468					5,468		5,468
Total Special Revenue Fund				-	859	7,696	-	859	-	-	7,696	-	9,258
Debt Service Fund:													
Debt Service Aid-State Support	14-495-034 -5120-017	7,758	07/01/2013- 06/30/2014	-	-	7,758	7,758	-	-	-	-	-	7,758

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2013		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2014			MEMO	
				Deferred Rev (Accts Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education (Continued)													
NJ School Development Authority:													
Capital Projects Fund:													
ROD 1-HVAC Upgrades Project:													
Readington Middle School	4350-050-09-1001	\$ 218,000	N/A	\$ (62,924)					\$ (62,924)			\$	62,924
Three Bridges Elementary School	4350-060-09-1003	138,000	N/A	(41,394)					(41,394)				41,394
Whitehouse Elementary School	4350-070-09-1004	70,000	N/A	(37,118)					(37,118)				37,118
ROD 1-Boiler Replacement Project:													
Readington Middle School	4350-050-09-1002	552,000	N/A	(356,059)		\$ 281,009	\$ (75,050)						281,009
Whitehouse Elementary School	4350-070-09-1005	174,000	N/A	(76,061)		152,561	76,500						152,561
ROD IV-Security Surveillance Upgrades:													
Readington Middle School	4350-050-14-1006	46,000	N/A				46,000		(46,000)				46,000
Three Bridges Elementary School	4350-060-14-1007	24,000	N/A				24,000		(24,000)				24,000
Whitehouse Elementary School	4350-070-14-1008	28,000	N/A				28,000		(28,000)				28,000
Holland Brook Elementary School	4350-030-14-1005	26,000	N/A				26,000		(26,000)				26,000
ROD IV-Roof Replacement:													
Whitehouse Elementary School	4350-070-13-3004	208,000	N/A				208,000		(208,000)				208,000
Three Bridges Elementary School	4350-060-13-3003	250,000	N/A				250,000		(250,000)				250,000
ROD IV-Phase 2 of Window Replacement at													
Readington Middle School	4350-050-13-3002	150,000	N/A				150,000		(150,000)				150,000
Total Capital Projects Fund				(573,556)	\$ -	433,570	733,450	\$ -	(873,436)	\$ -	\$ -	\$ -	1,307,006
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	13-100-010	4,956	07/01/2012-										
	-3350-023		06/30/2013	(669)		669							4,956
State School Lunch Program	13-100-010	4,276	07/01/2012-										
	-3350-023		06/30/2013			3,721	4,276		(555)				4,276
Total Enterprise Fund				(669)	-	4,390	4,276	-	(555)	-	-	-	9,232
TOTAL STATE FINANCIAL ASSISTANCE				\$ (747,962)	\$ 859	\$ 4,526,219	\$ 4,896,083	\$ 859	\$ (1,125,522)	\$ -	\$ 7,696	\$ 126,679	\$ 6,679,359

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$415) for the general fund, \$12,364 for the special revenue fund and (\$700,920) for the capital projects funds. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund			\$ 4,150,184	\$ 4,150,184
Special Revenue Fund	\$ 596	\$ 506,572		507,168
Capital Projects Fund			32,530	32,530
Debt Service Fund			7,758	7,758
Food Service Fund		94,488	4,276	98,764
	<u>\$ 596</u>	<u>\$ 601,060</u>	<u>\$ 4,194,748</u>	<u>\$ 4,796,404</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2014
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

NOTE 6. DETAIL OF ADJUSTMENTS ON SCHEDULE K-3

Schedule K-3 Special Revenue Fund Section:

1. NCLB Title I Part A: adjustment of \$(6,381) for grant year 2012 represents a prior year receivable not received by Grantor which was canceled.
2. IDEA Preschool: adjustment of \$10 represents an adjustment to prior year encumbrances

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

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

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

Federal Awards

Internal Control Over Major Programs:

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

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

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

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
84.027	\$ 397,264	IDEA Basic
84.173	12,975	IDEA Preschool

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

\$300,000

Auditee qualified as a low-risk auditee

X Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

\$300,000

Auditee Qualified as low-risk auditee

X Yes No

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

Unmodified

Internal Control Over Major Programs:

1. Material weakness(es) identified?

 Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses?

 Yes X No

Any Audit Findings Disclosed that are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04?

 Yes X No

Identification of Major Programs:

GMIS Numbers

Amount

Name of State Program

14-495-034-5120-089

\$ 1,137,296

Categorical Special Education Aid

14-495-034-5095-002

1,026,842

Reimbursed TPAF Social Security Aid

14-495-034-5120-014

155,563

Categorical Transportation Aid

Various

733,450

NJ SDA Cluster

READINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2014.

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

There were no findings or questioned costs for the year ended June 30, 2014.

READINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

K-7

There were no prior year findings or questioned costs.