

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Green Bank, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

WASHINGTON TOWNSHIP SCHOOL DISTRICT

GREEN BANK, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

**Washington Township School District
Finance Department**

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INTRODUCTORY SECTION

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WASHINGTON TOWNSHIP SCHOOL DISTRICT

(Burlington County)
GREEN BANK SCHOOL

2434 Route 563
Phone: (609) 561-3868 x115

Egg Harbor City, New Jersey 08215
Fax (609) 561-7133

November 7, 2014

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

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (“CAFR”) of the Washington Township School District (“District”) for the fiscal year ended June 30, 2014. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. 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 as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District’s financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury Circular Letter 04-04 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Washington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Washington Township Board of Education and the school district constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. Students in grades 5 through 8 attend the Mullica Township School District as part of a send/receive relationship. These services include regular and vocational, as well as special education for handicapped children. The student enrollment for the District over the last 10 years:

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-2014	31.2	(15.0%)
2012-2013	36.7	(19.2%)
2011-2012	45.4	(24.3%)
2010-2011	60.0	(14.4%)
2009-2010	70.1	(13.6%)
2008-2009	81.2	11.23%
2007-2008	73.0	4.28%
2006-2007	70.0	(11.05%)
2005-2006	78.7	(21.53%)
2004-2005	100.3	(8.98%)

AVERAGE DAILY ATTENDANCE

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-2014	30.0	(12.8%)
2012-2013	34.4	(19.8%)
2011-2012	42.9	(24.0%)
2010-2011	56.5	(14.1%)
2009-2010	65.8	(13.7%)
2008-2009	76.3	17.38%
2007-2008	65.0	(2.98%)
2006-2007	67.0	(10.43%)
2005-2006	74.8	(21.35%)
2004-2005	95.1	(8.91%)

2. ECONOMIC CONDITION AND OUTLOOK

The Washington Township area is still experiencing a period of stagnant development, which is in part due to governmental zoning and restrictions and in part to the economy. Population within the Township seems stable; the school population has shown a decrease in enrollment through June 30, 2014. The Washington Township School District relies on the continued funding received by the municipality from the Pinelands Commission. Due to enormous State Aid reductions, the School District will need to search out funding alternatives.

3. MAJOR INITIATIVES

The shared services program is in place to combine Administrative and Business services for both budgetary and agreement wise with Mullica Township Board of Education. This is the third year of a three year shared services contract agreement. As a result of shared services, we have formed new administrative relationships that provide us with an array of expertise in the following areas: School Business services, Superintendent and Principal services, Curriculum and Staff Development services, Instructional services (technology, music, art), Speech services, Child Study Team services that include counseling, Cafeteria Consulting services, and Facilities Maintenance Management. This has given the District further financial savings over the previous shared service agreement. Additionally, Washington School District shares their many years of expertise as well as community proximity. These agreements help in lowering Washington Township's administrative costs and other overhead costs which are always disproportionately high in a school system of this size. This year marks the 11th year of the District's participation in the State's Public School Choice Program. Eight (8) students have enrolled in this Program. Contracted transportation services with Greater Egg Harbor Regional High School District has provided the District with cost savings and increased logistical support.

4. INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system 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 adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Transfers among line items are approved by the Board of Education and reconciled with the requirements of P.L. 2004, C.73, commonly known as S-1701. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6. ACCOUNTING SYSTEM AND REPORTS

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

7. DEBT ADMINISTRATION

At June 30, 2014, the District had no long-term debt.

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the Notes to the Basic Financial Statements, Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A Schedule of Insurance Coverage is found at Schedule J-20.

10. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman, Frenia, Allison P.C., was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Washington Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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 Business Office staff.

Respectfully submitted,

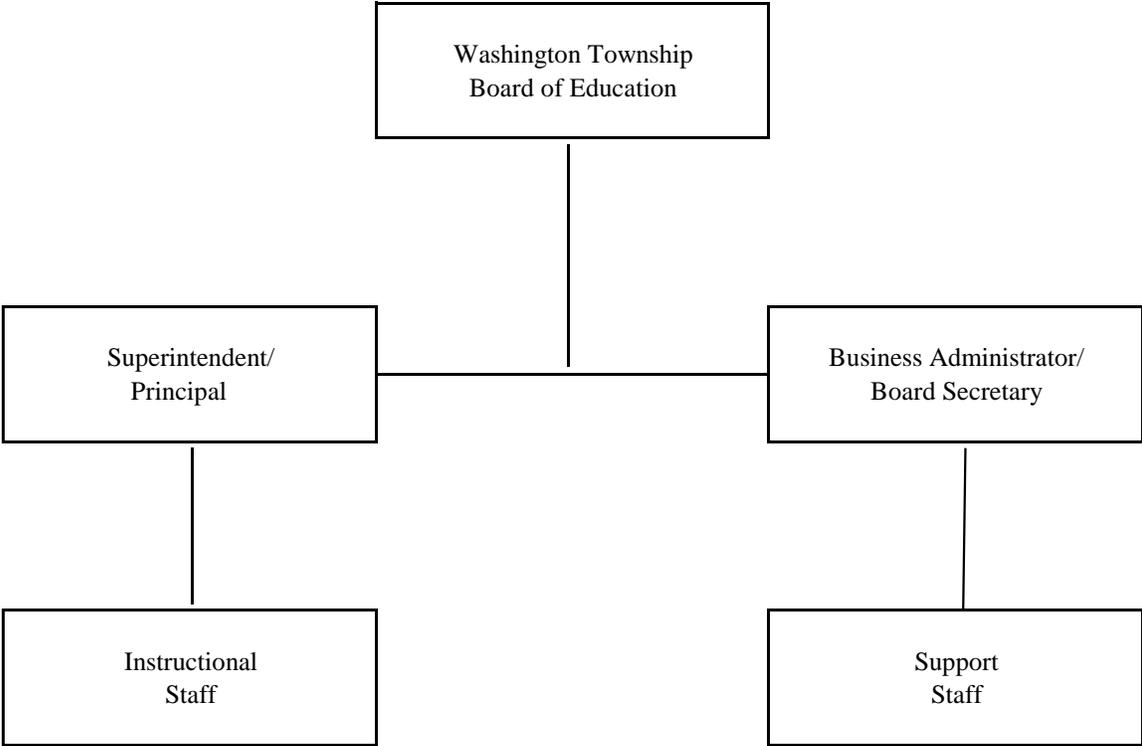


Dr. Thomas Baruffi
Interim Superintendent



Karen Gfroehrer
Business Administrator/Board Secretary

Washington Township School District



**WASHINGTON TOWNSHIP BOARD OF EDUCATION
GREEN BANK, NEW JERSEY**

ROSTER OF OFFICIALS

June 30, 2014

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jeremy Senn, President	2016
Charlene Maatje-Lee, Vice President	2014
Scott Bartling	2016
Frank Capella	2016
Bill Scamoffa	2017
Karen Melita	2017
Fatima Ford	2017

OTHER OFFICIALS

Brenda Harring-Marro, Superintendent

Karen Gfroehrer, Business Administrator/Board Secretary

Dawn Stollenwerk, Treasurer of School Monies

Ronald W. Sahli, Solicitor

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
GREEN BANK , NEW JERSEY**

CONSULTANTS AND ADVISORS

ATTORNEY

Mr. Ronald Sahli
Sahli & Padovani
1145 S. White Horse Pike
Hammonton, New Jersey 08037

AUDIT FIRM

Robert W. Allison, CPA, RMA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey

INSURANCE AGENT

Barclay Group
PO Box 244
Riverton, New Jersey

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, NJ

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Washington Township School District
County of Burlington
Green Bank, 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 Washington Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District'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 District'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District, County of Burlington, State of New Jersey, 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 as presented 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 Washington Township School District's basic financial statements. The accompanying introductory section, comparative totals for June 30, 2013, and other supplementary information such as the combining and individual fund financial statements, and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements and the accompanying Schedule of State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the accompanying Schedule of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, comparative totals for June 30, 2013, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014 on our consideration of the Washington Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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 Washington Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

November 7, 2014
Freehold, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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WASHINGTON TOWNSHIP PUBLIC SCHOOL DISTRICT
500 Elwood Road, Elwood, NJ 08217

BURLINGTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

Introduction

Management's discussion and analysis of the Washington Township School District's ("District") financial results that follows will provide statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the District's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly held companies. All of these activities are intended to advance the District's mission as stated at the beginning of this analysis.

The financial statements previously presented in the District's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General, Special Revenue, Proprietary and Debt Service Funds. This disclosure has been expanded by the addition of the Statement of Net Position and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another new feature will be supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue Funds.

The Statement of Net Position presents the District's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net position represents the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the District's net position and how they have changed year to year, reflecting a variety of influences such as the educational philosophy (i.e. dedicated to increased test scores), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received, as the flat funding over the past two years coupled with a looming decline in Federal PL874 Impact Aid funds has had a negative impact on the District's finances.

Financial Highlights

Key financial highlights for 2014 are as follows:

- General revenues accounted for \$1,794,645 or 89% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$215,950 or 11% of total revenue of \$2,010,595.
- Total net position of governmental activities decreased by \$95,766.
- The School District had \$2,112,198 in expenses; only \$215,950 of these expenses was offset by program specific charges for services and operating grants and contributions. General revenues of \$1,794,645, together with Fund Balance, were adequate to provide for these programs.
- The General Fund had a total fund balance of \$823,007.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and Cash Equivalents	\$ 794,498	\$ 806,016
Petty Cash	50	50
Receivables, Net	50,591	36,380
Capital Assets, Net	<u>4,179,602</u>	<u>4,299,998</u>
Total Assets	<u>5,024,741</u>	<u>5,142,444</u>
Liabilities:		
Accounts Payable	-	13,817
Interfund Payable	9,248	9,913
Unearned Revenue	-	2,598
Noncurrent Liabilities:		
Due Beyond One Year	<u>21,119</u>	<u>20,139</u>
Total Liabilities	<u>30,367</u>	<u>46,467</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	4,179,602	4,299,998
Restricted for:		
Debt Service		
Capital Projects	9,503	9,503
General Fund	632,938	606,114
Unrestricted	<u>172,331</u>	<u>180,362</u>
Total Net Position	<u>\$ 4,994,374</u>	<u>\$ 5,095,977</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2014 and 2013.

Table 2

Changes in Net Position

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 5,188	\$ 4,108
Operating Grants and Contributions	210,762	227,715
General Revenues:		
Property Taxes	1,206,765	1,187,766
Grants and Entitlements	580,956	546,356
Other	6,924	44
Total Revenues	<u>2,010,595</u>	<u>1,965,989</u>
<u>Program Expenses</u>		
Instruction	447,771	440,020
Support Services:		
Pupils and Instructional Staff	968,143	891,765
General Administration, School Administration, Business Operations and Maintenance of Facilities	242,265	232,072
Pupil Transportation	136,001	159,443
Employee Benefits	163,123	222,188
Food Service	18,447	22,773
Other	136,448	136,449
Total Expenses	<u>2,112,198</u>	<u>2,104,710</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>
Increase/(Decrease) in Net Position	<u>\$ (101,603)</u>	<u>\$ (138,721)</u>

Governmental Activities

Annually, on the first Tuesday in November, the voters of New Jersey get an opportunity to voice their opinion on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process if the Board of Education decides to exceed the 2% cap. Over the last two budget cycles, the Board of Education has remained well within the 2% tax cap levy. The District remains as a minimum tax levy district. Property taxes made up 60% of revenues for governmental activities (excluding Capital Projects) for the Washington Township School District for fiscal year 2013-14.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Governmental Activities			
	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 447,771	\$ 389,435	\$ 440,020	\$ 413,059
Support Services:				
Pupils and Instructional Staff	968,143	965,493	891,765	883,899
General Administration, School Administration, Business	75,340	75,340	72,167	72,167
Operation and Maintenance of Facilities	166,925	166,925	159,905	159,904
Pupil Transportation	136,001	51,139	159,443	75,750
Employee Benefits	163,123	105,631	222,188	120,491
Other	136,448	136,448	136,448	136,448
Total Expenses	<u>\$ 2,093,751</u>	<u>\$ 1,890,411</u>	<u>\$ 2,081,936</u>	<u>\$ 1,861,718</u>

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$1,997,985, and expenditures of \$1,975,845.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding Capital Projects) for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>From 2012/13</u>	<u>Increase/ (Decrease)</u>
Local Sources	\$ 1,206,765	60.40%	\$ 18,999	1.60%
State Sources	723,310	36.20%	(8,437)	-1.15%
Federal Sources	60,986	3.05%	28,549	88.01%
Miscellaneous	6,924	0.35%	4,489	184.35%
Total	\$ 1,997,985	100.00%	\$ 43,600	2.18%

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2014:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012/13</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 447,771	22.66%	\$ 7,751	1.76%
Undistributed Expenditures	1,509,234	76.38%	16,891	1.13%
Capital Outlay	<u>18,840</u>	<u>0.95%</u>	<u>6,622</u>	<u>54.20%</u>
Total	<u>\$ 1,975,845</u>	<u>100.00%</u>	<u>\$ 31,264</u>	<u>1.61%</u>

General Fund Budgeting Highlights

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

- * Staffing changes based on student needs
- * Changes in appropriations to prevent budget overruns
- * Reduction in transportation costs
- * Supported additional educational technology purchases and support services

Capital Assets

At the end of the fiscal year 2014, the School District had \$4,277,744 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2014 and 2013

	<u>2013</u>	<u>2014</u>
Land	\$ 48,824	\$ 48,824
Building and Improvements	5,028,648	5,028,648
Equipment and Machinery	217,281	236,803
Less: Accumulated Depreciation	<u>(1,017,009)</u>	<u>(1,153,457)</u>
Total	<u>\$ 4,277,744</u>	<u>\$ 4,160,818</u>

Debt Administration

At June 30, 2014, the Washington Township Board of Education had \$0 in outstanding bonds and \$21,119 for Compensated Absences.

At June 30, 2014, the School District's overall legal debt margin was \$4,106,488.

Current Financial Issues and Concerns

The Washington Township Public School District is presently in good financial condition. A major issue is the continued freeze or decrease in State Aid to education causing an increased reliance on local property taxes, of which the school is dependent on Pinelands Commission State Funding. The reduction of municipal contribution by 50% has caused an increase in local school taxes to offset the loss. Further reductions of municipal contributions may force the District to be consolidated or eliminated.

Washington Township is primarily a residential community, with very few commercial and/or industrial ratables; thus the tax burden is focused primarily on homeowners.

During the spring budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, continuing efforts by the Board of Education and Administration have conducted a program review of costs centers in the School District to determine where cost savings may be effectuated.

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

Contacting the School District's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions on this report or need additional financial information, please contact Karen Gfroehrer, School Business Administrator/Board Secretary, at Washington Township Board of Education, PO Box 318, 500 Elwood Road, Elwood, New Jersey 08217.

BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR FISCAL YEAR EDNDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2014	JUNE 30, 2013
ASSETS				
Cash and Cash Equivalents	\$ 782,462	\$ 12,036	\$ 794,498	\$ 806,016
Petty Cash	-	50	50	50
Receivables, Net	50,048	543	50,591	36,380
Capital Assets, Net	4,160,818	18,784	4,179,602	4,299,998
Total Assets	4,993,328	31,413	5,024,741	5,142,445
LIABILITIES				
Accounts Payable	-	-	-	13,817
Interfund Payable	-	9,248	9,248	9,913
Unearned Revenue	-	-	-	2,598
Noncurrent Liabilities:				
Due Beyond One Year	21,119	-	21,119	20,139
Total Liabilities	21,119	9,248	30,367	46,467
NET POSITION				
Net Investment in Capital Assets	4,160,818	18,784	4,179,602	4,299,998
Restricted for:				
Capital Projects Fund	9,503	-	9,503	9,503
General Fund	632,938	-	632,938	606,114
Unrestricted	168,950	3,381	172,331	180,362
Total Net Position	\$ 4,972,209	\$ 22,165	\$ 4,994,374	\$ 5,095,977

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative totals for June 30, 2013)

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		Totals	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013	
GOVERNMENTAL ACTIVITIES								
Instruction:								
Regular	\$ 405,073	\$ -	\$ 58,336	\$ (346,737)	\$ -	\$ (346,737)	\$ (352,496)	
Special Education	42,698	-	-	(42,698)	-	(42,698)	(60,563)	
Support Services:								
Tuition	836,390	-	-	(836,390)	-	(836,390)	(731,892)	
Student and Instruction Related Services	131,753	-	2,650	(129,103)	-	(129,103)	(152,007)	
General Administration	35,332	-	-	(35,332)	-	(35,332)	(36,274)	
School Administrative Services	12,280	-	-	(12,280)	-	(12,280)	(12,450)	
Central Services	17,024	-	-	(17,024)	-	(17,024)	(17,477)	
Admin. Information Technology	10,704	-	-	(10,704)	-	(10,704)	(5,966)	
Plant Operations and Maintenance	166,925	-	-	(166,925)	-	(166,925)	(159,904)	
Pupil Transportation	136,001	-	84,862	(51,139)	-	(51,139)	(75,750)	
Employee Benefits	163,123	-	57,492	(105,631)	-	(105,631)	(120,491)	
Unallocated Depreciation and Amortization	136,448	-	-	(136,448)	-	(136,448)	(136,448)	
Total Government Activities	2,093,751	-	203,340	(1,890,411)	-	(1,890,411)	(1,861,718)	
BUSINESS-TYPE ACTIVITIES								
Food Service	18,447	5,188	7,422	-	(5,837)	(5,837)	(11,169)	
Total Business-Type Activities	18,447	5,188	7,422	-	(5,837)	(5,837)	(11,169)	
Total Primary Government	\$ 2,112,198	\$ 5,188	\$ 210,762	(1,890,411)	(5,837)	(1,896,248)	(1,872,887)	
GENERAL REVENUES								
Property Taxes Levied for:								
General Purposes				1,206,765	-	1,206,765	1,187,766	
Federal and State Aid Not Restricted				580,956	-	580,956	546,356	
Miscellaneous Income				6,924	-	6,924	44	
Total General Revenues				1,794,645	-	1,794,645	1,734,166	
Change in Net Position				(95,766)	(5,837)	(101,603)	(138,721)	
Net Position - Beginning				5,067,975	28,002	5,095,977	5,234,697	
Net Position - Ending				\$ 4,972,209	\$ 22,165	\$ 4,994,374	\$ 5,095,977	

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

B. Fund Financial Statements

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Governmental Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
				JUNE 30, 2014	JUNE 30, 2013
ASSETS					
Cash and Cash Equivalents	\$ 689,265	\$ -	\$ 9,503	\$ 698,768	\$ 790,983
Due From Other Funds	9,355	-	-	9,355	31,901
Intergovernmental Accounts Receivable:					
Federal	-	39,323	-	39,323	24,308
State	1,477	-	-	1,477	1,303
Restricted Cash	122,910	-	-	122,910	
Total Assets	823,007	39,323	9,503	871,833	848,495
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	-	39,216	-	39,216	-
Accounts Payable	-	-	-	-	13,817
Interfund Payable	-	107	-	107	21,710
Deferred Revenue	-	-	-	-	2,598
Total Liabilities	-	39,323	-	39,323	38,125
Fund Balances:					
Restricted Fund Balance:					
Reserved Excess Surplus:					
Designated for Subsequent Year's					
Expenditures	99,549	-	-	99,549	198,967
Reserve for Excess Surplus	149,335	-	-	149,335	99,549
Capital Projects	-	-	9,503	9,503	9,503
Maintenance Reserve	122,910	-	-	122,910	168,441
Assigned Fund Balance:					
Other Purposes - Year-End Encumbrances	30,796	-	-	30,796	188
Designated for Subsequent Year's Expenditures	230,348	-	-	230,348	138,969
Unassigned Fund Balance	190,069	-	-	190,069	194,753
Total Fund Balances	823,007	-	9,503	832,510	810,370
Total Liabilities and Fund Balances	\$ 823,007	\$ 39,323	\$ 9,503		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$5,314,275 and the accumulated depreciation is \$1,153,457.

4,160,818

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 6).

(21,119)

Net Position of Governmental Activities

\$ 4,972,209

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for the Fiscal Year Ended June 30, 2013)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
				JUNE 30, 2014	JUNE 30, 2013
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,206,765	\$ -	\$ -	\$ 1,206,765	\$ 1,187,766
Miscellaneous Revenues	6,924	-	-	6,924	2,435
Total - Local Sources	1,213,689	-	-	1,213,689	1,190,201
State Sources	723,310	-	-	723,310	731,747
Federal Sources	-	60,986	-	60,986	32,437
Total Revenues	1,936,999	60,986	-	1,997,985	1,954,384
Expenditures:					
Current:					
Regular Instruction	346,737	58,336	-	405,073	379,457
Special Education Instruction	42,698	-	-	42,698	60,563
Support Services and Undistributed Costs:					
Tuition	836,390	-	-	836,390	731,892
Student and Instruction Related Services	129,103	2,650	-	131,753	159,873
General Administration	35,332	-	-	35,332	36,275
School Administrative Services	12,280	-	-	12,280	12,450
Central Services	17,024	-	-	17,024	17,476
Administrative Information Technology	10,704	-	-	10,704	5,966
Plant Operations and Maintenance	167,607	-	-	167,607	147,687
Pupil Transportation	136,001	-	-	136,001	159,443
Unallocated Benefits	162,143	-	-	162,143	221,282
Capital Outlay	18,840	-	-	18,840	12,218
Total Expenditures	1,914,859	60,986	-	1,975,845	1,944,582
Excess/(Deficiency) of Revenues Over/Under Expenditures	22,140	-	-	22,140	9,803
Fund Balance - July 1	800,867	-	9,503	810,370	800,567
Fund Balance - June 30	\$ 823,007	\$ -	\$ 9,503	\$ 832,510	\$ 810,370

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 22,140

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

Capital outlays for fixed assets are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.

Depreciation Expense	\$ (136,448)	
Capital Outlays	19,522	(116,926)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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.

	Current Year	(21,119)
	Prior Year	20,139
		(980)

Change in Net Position of Governmental Activities \$ (95,766)

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

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Proprietary Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 AS OF JUNE 30, 2014
 (With Comparative Totals for June 30, 2013)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
		JUNE 30, 2014	JUNE 30, 2013
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 12,036	\$ 12,036	\$ 15,033
Petty Cash	50	50	50
Accounts Receivable:			
State	22	22	11
Federal	521	521	566
Total - Current Assets	<u>12,629</u>	<u>12,629</u>	<u>15,660</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment	52,071	52,071	52,071
Less:			
Accumulated Depreciation	<u>(33,287)</u>	<u>(33,287)</u>	<u>(29,817)</u>
Total - Noncurrent Assets	<u>18,784</u>	<u>18,784</u>	<u>22,254</u>
Total Assets	<u>\$ 31,413</u>	<u>\$ 31,413</u>	<u>\$ 37,914</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable	<u>9,248</u>	<u>9,248</u>	<u>9,912</u>
Total Liabilities	<u>9,248</u>	<u>9,248</u>	<u>9,912</u>
NET POSITION			
Net Investment in Capital Assets	18,784	18,784	22,254
Unrestricted	<u>3,381</u>	<u>3,381</u>	<u>5,748</u>
Total Net Position	<u>\$ 22,165</u>	<u>\$ 22,165</u>	<u>\$ 28,002</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for Fiscal Year Ended June 30, 2013)

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS FOOD SERVICE	TOTALS (MEMORANDUM ONLY)	
		JUNE 30, 2014	JUNE 30, 2013
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 5,054	\$ 5,054	\$ 4,108
Daily Sales - Non-Reimbursable Programs	79	79	-
Miscellaneous	55	-	-
Total Operating Revenues	<u>5,188</u>	<u>5,188</u>	<u>4,108</u>
Operating Expenses:			
Purchased Professional / Technical Services	9,742	9,742	13,593
Purchased Property Services	41	41	70
Supplies and Materials	-	-	941
Depreciation Expense	3,470	3,470	3,473
Cost of Sales	5,194	5,194	4,696
Total Operating Expenses	<u>18,447</u>	<u>18,447</u>	<u>22,773</u>
Operating Loss	<u>(13,259)</u>	<u>(13,259)</u>	<u>(18,665)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	172	172	164
Federal Sources:			
National School Lunch Program	5,020	5,020	5,214
National School Breakfast Program	1,053	1,053	2,119
Food Distribution Program	1,177	1,177	-
Total Nonoperating Revenues	<u>7,422</u>	<u>7,422</u>	<u>7,497</u>
Change in Net Position	(5,837)	(5,837)	(11,168)
Total Net Position - Beginning	<u>28,002</u>	<u>28,002</u>	<u>39,170</u>
Total Net Position - Ending	<u>\$ 22,165</u>	<u>\$ 22,165</u>	<u>\$ 28,002</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2014
 (With Comparative Totals for Fiscal Year Ended June 30, 2013)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS FOOD SERVICE	JUNE 30, 2014	TOTALS (MEMORANDUM ONLY) JUNE 30, 2013
	Cash Flows From Operating Activities:		
Receipts From Customers	\$ 5,188	\$ 5,188	\$ 4,182
Payments To Suppliers	(14,464)	(14,464)	(19,300)
Net Cash Used For Operating Activities	<u>(9,276)</u>	<u>(9,276)</u>	<u>(15,118)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	161	161	164
Federal Sources	6,118	6,118	7,197
Net Cash Provided By Noncapital Financing Activities	<u>6,279</u>	<u>6,279</u>	<u>7,361</u>
Net Decrease in Cash and Cash Equivalents	(2,997)	(2,997)	(7,757)
Balance - Beginning of Year	<u>15,033</u>	<u>15,033</u>	<u>22,790</u>
Balance - End of Year	<u>\$ 12,036</u>	<u>\$ 12,036</u>	<u>\$ 15,033</u>
Reconciliation of Operating Income/(Loss) To Net Cash Provided/(Used) By Operating Activities:			
Operating Loss	(13,259)	(13,259)	(18,665)
Depreciation	3,470	3,470	3,473
Donated Commodities Received During the Year	1,177	-	-
Adjustments To Reconcile Operating Loss To Net Cash Used For Operating Activities:			
Increase/(Decrease) in Accounts Payable	(664)	(664)	-
Increase/(Decrease) in Deferred Revenue	-	-	(78)
(Increase)/Decrease in Inventories	-	-	-
(Increase)/Decrease in Accounts Receivable	-	-	152
Total Adjustments	<u>3,983</u>	<u>3,983</u>	<u>3,547</u>
Net Cash Used For Operating Activities	<u>\$ (9,276)</u>	<u>\$ (9,276)</u>	<u>\$ (15,118)</u>

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

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Fiduciary Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	STUDENT ACTIVITY	PAYROLL	Totals (MEMORANDUM ONLY)	
			JUNE 30, 2014	JUNE 30, 2013
ASSETS				
Cash and Cash Equivalents	\$ 236	\$ 5,865	\$ 6,101	\$ 9,006
Total Assets	<u>236</u>	<u>5,865</u>	<u>6,101</u>	<u>9,006</u>
LIABILITIES				
Interfund Accounts Payable:				
Due To General Fund	-	-	-	279
Payable To Student Groups	236		236	821
Payroll Deductions and Withholdings	<u>-</u>	<u>5,865</u>	<u>5,865</u>	<u>7,906</u>
Total Liabilities	<u>\$ 236</u>	<u>\$ 5,865</u>	<u>\$ 6,101</u>	<u>\$ 9,006</u>

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

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WASHINGTON TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Washington Township School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounts policies.

A. Reporting Entity

The Washington Township School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 7 members elected to three-year terms. These terms are staggered. The District provides a full range of educational services appropriate to grade levels Pre-K through 4. The Washington Township School District has an approximate enrollment at June 30, 2014 of 30 Students.

B. Component Units

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

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

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

C. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

C. District-Wide and Fund Financial Statements (continued):

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 – The 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 year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

E. Fund Accounting

The accounts of the Washington Township School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

E. Fund Accounting (continued):

statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the Washington Township School 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 sub-fund.

As required by the New Jersey Department of Education Washington Township School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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.

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:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

E. Fund Accounting (continued):

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.

All Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total 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 & Vehicle	4 Years
Heavy Trucks & Vehicle	6 Years

The District’s enterprise fund is comprised of the following:

- Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity’s own operating programs which includes private purpose trust funds and agency funds.

Private Purpose Trust Funds - used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently does not maintain a private purpose trust.

Agency Funds - assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The District currently maintains Payroll and Student Activity Funds as Agency Funds.

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

F. Basis of Accounting (continued):

generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

G. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

G. Budgets/Budgetary Control (continued):

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. The budget, as detailed on Exhibit C-1 and C-2, includes all amendments to the adopted budget, if any.

H. Encumbrances

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

Open encumbrances in the special revenue fund for which the Washington Township School District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

I. Cash & Cash Equivalents

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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 loss of funds on deposit with a failed banking institution in New Jersey.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

I. Cash & Cash Equivalents (continued):

N.J.S.A.17:9-41 et. 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 savings 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.

J. Tuition Receivable/Payable

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2014, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2012-2013 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

K. Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

L. Prepaid Expenses

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014. They are recorded as expenditure during the year of purchase.

M. Short-Term Interfund Receivables/Payables

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

N. Capital Assets

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date

received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

	Governmental Activities	Business-Type Activities
Land & Improvements		
Buildings & Improvements	10 – 20 Years	
Furniture & Equipment	10 – 50 Years	12 Years
Vehicles	5 – 10 Years	3 - 6 Years

O. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2014 for such salaries.

P. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

Q. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

R. Long-Term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

S. Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Washington Township School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

Washington Township School District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the Washington Township School District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

T. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

T. Net Position (continued):

- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

U. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012 although the District elected to early implement Statement 62 in fiscal year 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASB 65 does not have any impact on the District's financial statements.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

V. Subsequent Events

Washington Township School District has evaluated subsequent events occurring after June 30, 2014 through the date of November 7, 2014, which is the date the financial statements were available to be issued.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 2. Cash

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2014 and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 800,599
Total Deposits	<u>\$ 800,599</u>
The District's Cash and Cash Equivalents are Reported as Follows:	
Government Activities	\$ 782,462
Business-Type Activities	12,036
Fiduciary Funds	<u>6,101</u>
Total Cash and Cash Equivalents	<u>\$ 800,599</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2014, the District’s bank balance of \$1,121,077 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000
Uninsured and uncollateralized	10,350
Collateralized in the District’s Name	
Under GUDPA	<u>860,277</u>
Total	<u>\$ 1,121,077</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 3. Maintenance Reserve Account

Washington Township School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget. There is a balance of \$122,910 at June 30, 2014.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the June 30, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 168,442
Transfers	34,468
Budgeted Withdrawals	<u>80,000</u>
Ending Balance, June 30, 2014	<u><u>\$ 122,910</u></u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2014 consisted of intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 1,477	\$ -	\$ 22	\$ 1,499
Federal Aid	-	39,323	521	39,844
Total	<u>\$ 1,477</u>	<u>\$ 39,323</u>	<u>\$ 543</u>	<u>\$ 41,343</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 5. Capital Assets

The following schedule is a summarization of the capital assets by source for the fiscal year ended June 30, 2014:

	June 30, 2013	Additions	Deletions	Transfers/ Adjustments	June 30, 2014
Governmental Activities:					
Capital assets that are not being depreciated:					
Land	\$ 48,824	\$ -	\$ -	\$ -	\$ 48,824
Total capital assets not being depreciated	<u>48,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,824</u>
Site and site improvements	5,028,648	-	-	-	5,028,648
Machinery and equipment	<u>217,281</u>	<u>19,522</u>	<u>-</u>	<u>-</u>	<u>236,803</u>
Subtotal	5,245,929	19,522	-	-	5,265,451
Less:					
Accumulated depreciation	<u>(1,017,009)</u>	<u>(136,448)</u>	<u>-</u>	<u>-</u>	<u>(1,153,457)</u>
Total accumulated depreciation	<u>(1,017,009)</u>	<u>(136,448)</u>	<u>-</u>	<u>-</u>	<u>(1,153,457)</u>
Total capital assets being depreciated, net	<u>4,228,920</u>	<u>(116,926)</u>	<u>-</u>	<u>-</u>	<u>4,111,994</u>
Governmental activities capital assets, net	<u>\$ 4,277,744</u>	<u>\$ (116,926)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,160,818</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 5. Capital Assets (continued):

The following schedule is a summary of the proprietary fund type fixed assets at June 30, 2014:

	June 30, 2013	Additions	Transfers/ Adjustments	June 30, 2014
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	\$ 52,071	\$ -	\$ -	\$ 52,071
Less: accumulated depreciation:				
Equipment	(29,817)	(3,470)	-	(33,287)
<hr/>				
Business-type activities capital assets, net	\$ 22,254	\$ (3,470)	\$ -	\$ 18,784
<hr/> <hr/>				

Note 6. Long-Term Obligations

During the fiscal year ended June 30, 2014 the following changes occurred in liabilities reported in the long-term debt:

	June 30, 2013	Accrued/ Increases	Retired/ Decreases	June 30, 2014
Governmental Activities:				
Compensated Absences	\$ 20,139	\$ 980	\$ -	\$ 21,119
<hr/>				
Total	\$ 20,139	\$ 980	\$ -	\$ 21,119
<hr/> <hr/>				

As of June 30, 2014 the School District had no authorizations to issue additional bonded debt.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 7. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2014:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 9,355	\$ -
Special Revenue Fund	-	107
Trust & Agency Fund	-	9,248
Total	\$ 9,355	\$ 9,355

The purpose of these interfunds are for short-term borrowings.

Note 8. Pension Plans

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:6C* for TPAF. All benefits vest after eight to ten years of service, except for

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 8. Pension Plans (continued):

medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefit for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development 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. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 8. Pension Plans (continued):

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees’ annual compensation, as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 12,108	100%	\$ -
6/30/2013	14,460	100%	-
6/30/2012	16,194	100%	-

**Three-Year Trend Information for TPAF Pension & Post-Retirement Medical Contributions
(Paid on behalf of the District)**

Year Funding	Annual Pension/Medical Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 38,083	100%	\$ -
6/30/2013	80,652	100%	-
6/30/2012	61,821	100%	-

During the year ended June 30, 2014 the State of New Jersey contributed \$38,083 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$19,409 for the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 9. Post-Retirement Benefits (continued):

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, 2014, there were 100,134 retirees receiving 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 P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

Note 10. Risk Management

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

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

Joint Insurance Pool - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund. Insurance coverage as provided by the Fund can be found In the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

Note 11. Litigation

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

There is no pending litigation involving any material monetary amount.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 12. Economic Dependency

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

Note 13. Deferred Compensation

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in a trust fund for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

Note 14. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2014 is \$21,119.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014 no liability existed for compensated absences in the proprietary fund types.

Note 15. Lease Agreement

A lease agreement was entered into on March 16, 2007 with Washington Township for the rental of the 1919 school building for a term of 99 years ending on March 16, 2106. The Township shall keep in force liability insurance on the building and has the exclusive option to purchase the 1919 building at any time during the term of the lease for the sum of \$1.00. The Township has paid the sum of \$1.00 for the rent due during the term of this lease.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 16. Fund Balance Disclosures

General Fund (Exhibit B-1) – Of the \$823,007 General Fund fund balance at June 30, 2014, \$99,549 is restricted for excess surplus designated for subsequent years expenditures; \$122,910 is restricted to establish the Maintenance Reserve Account; \$230,348 is assigned as designated for subsequent year's expenditures; \$149,335 is restricted for excess surplus in accordance with *N.J.S.A.18A:7F-7*; \$30,796 is assigned for Other Purposes and \$190,069 is unassigned.

Note 17. Calculation of Excess Surplus

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A. 18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$149,335.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

	ACCOUNT NUMBERS	June 30, 2014			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
REVENUES:					
Local Sources:					
Local Tax Levy	10-1210	\$ 1,206,765	\$ -	\$ 1,206,765	\$ -
Unrestricted Miscellaneous Revenues	10-1XXX	-	-	6,924	6,924
Total Local Sources		1,206,765	-	1,206,765	6,924
State Sources:					
School Choice Aid (Other State Aid)	10-3116	95,824	-	95,824	-
Categorical Transportation Aid	10-3121	84,355	-	84,355	-
Categorical Special Education	10-3132	51,627	-	51,627	-
Equalization Aid	10-3176	145,352	-	145,352	-
Categorical Security Aid	10-3177	9,596	-	9,596	-
Adjustment Aid	10-3178	283,400	-	283,400	-
Non-Public Transportation Aid	10-3193	-	-	507	507
TPAF Pension Contributions (On-Behalf - Non-Budgeted)		-	-	14,427	14,427
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	23,656	23,656
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	19,409	19,409
Total State Sources		670,154	-	670,154	57,999
Total Revenues		1,876,919	-	1,876,919	64,923
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	11-105-100-101	50,481	5,622	56,103	180
Preschool/Kindergarten	11-110-100-101	47,000	3,766	50,766	768
Grades 1-5	11-120-100-101	165,900	5,535	171,435	-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	11-190-100-320	56,600	-	56,600	12,488
Other Purchased Services	11-190-100-500	13,200	(1,500)	11,700	6,544
General Supplies	11-190-100-610	25,947	9,650	35,597	16,231
Textbooks	11-190-100-640	3,300	-	3,300	2,663
Other Objects	11-190-100-800	-	110	110	-

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

	ACCOUNT NUMBERS	June 30, 2014			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Total Regular Programs - Instruction		362,428	23,183	385,611	346,737	38,874
Special Education - Instruction:						
Resource Room/Resource Center:	11-213-100-101	43,000	65,525	108,525	42,589	65,936
Salaries of Teachers	11-213-100-106	13,000	(1,954)	11,046	109	10,937
Other Salaries for Instruction						
Total Resource Room/Resource Center		56,000	63,571	119,571	42,698	76,873
Home Instruction:						
Salaries of Teachers	11-219-100-101	483	-	483	-	483
Total Home Instruction		483	-	483	-	483
Total Special Education - Instruction		56,483	63,571	120,054	42,698	77,356
Total - Instruction		418,911	86,754	505,665	389,435	116,230
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Regular	11-000-100-561	1,040,115	(159,671)	880,444	758,852	121,592
Tuition To Other LEAs within the State - Special	11-000-100-562	-	50,000	50,000	50,000	-
Tuition To County Voc. School District - Regular	11-000-100-563	12,120	3,180	15,300	15,300	-
Tuition To CSSD and Regional Day Schools	11-000-100-565	88,800	(4,944)	83,856	12,238	71,618
Total Undist. Expend. - Instruction		1,141,035	(111,435)	1,029,600	836,390	193,210
Undist. Expend. - Attendance and Social Work Services:						
Salaries	11-000-211-100	13,420	(1,039)	12,381	11,006	1,375
Purchased Professional and Technical Services	11-000-211-300	1,100	-	1,100	1,100	-
Supplies and Materials	11-000-211-600	-	14	14	14	-
Total Undist. Expend. - Attendance and Social Work Services		14,520	(1,025)	13,495	12,120	1,375
Undist. Expend. - Health Services:						
Salaries	11-000-213-100	38,600	1,027	39,627	39,627	-
Purchased Professional and Technical Services	11-000-213-300	-	105	105	105	-
Supplies and Materials	11-000-213-600	200	902	1,102	940	162

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

	ACCOUNT NUMBERS	June 30, 2014			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Total Undist. Expend. - Health Services		38,800	2,034	40,834	40,672	162
EXPENDITURES (continued):						
Undist. Expend. - Speech, OT,PT & Related Services:						
Purchased Professional - Educational Services	11-000-216-320	8,000	3,273	11,273	10,401	872
Total Undist. Expend. - Speech, OT,PT & Related Services		8,000	3,273	11,273	10,401	872
Undist. Expend. - Guidance:						
Salaries of Secretarial and Clerical Assistants	11-000-218-105	11,720	1,239	12,959	12,959	-
Other Purchased Professional and Technical Services	11-000-218-390	10,500	-	10,500	10,500	-
Total Undist. Expend. - Guidance		22,220	1,239	23,459	23,459	-
Undist. Expend. - Child Study Teams:						
Purchased Professional - Educational Services	11-000-219-320	6,000	(839)	5,161	5,122	39
Other Purchased Professional and Technical Services	11-000-219-390	8,232	-	8,232	8,232	-
Total Undist. Expend. - Child Study Teams		14,232	(839)	13,393	13,354	39
Undist. Expend. - Improvement of Instructional Services:						
Salaries of Secretarial and Clerical Assistants	11-000-221-105	11,720	829	12,549	12,549	-
Purchased Professional - Educational Services	11-000-221-320	15,450	50	15,500	15,500	-
Other Purchased Services (400-500 Series)	11-000-221-500	100	(50)	50	-	50
Supplies and Materials	11-000-221-600	200	-	200	-	200
Total Undist. Expend. - Improvement of Instructional Services		27,470	829	28,299	28,049	250
Undist. Expend. - Instructional Staff Training Services:						
Other Purchased Professional and Technical Services	11-000-223-390	250	457	707	707	-
Other Purchased Services (400-500 Series)	11-000-223-500	250	111	361	341	20
Supplies and Materials	11-000-223-600	100	(100)	-	-	-
Total Undist. Expend. - Instructional Staff Training Services		600	468	1,068	1,048	20
Undist. Expend. - Support Services - General Administration:						
Salaries	11-000-230-100	2,000	-	2,000	2,000	-

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

	ACCOUNT NUMBERS	June 30, 2014				VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Legal Services	11-000-230-331	1,500	(1,030)	470	-	470
Audit Fees	11-000-230-332	12,000	-	12,000	12,000	-
Other Purchased Professional Services	11-000-230-339	12,690	3,030	15,720	15,720	-
Communications/Telephone	11-000-230-530	4,945	500	5,445	2,894	2,551
BOE Other Purchased Services	11-000-230-585	750	(457)	293	-	293
Misc Purchased Services	11-000-230-590	1,500	-	1,500	752	748
BOE Membership Dues and Fees	11-000-230-895	2,500	-	2,500	1,966	534
Total Undist. Expend. - Support Services - General Administration		37,885	2,043	39,928	35,332	4,596
Undist. Expend. - Support Services - School Administration:						
Salaries of Secretarial and Clerical Assistants	11-000-240-105	-	80	80	80	-
Purchased Professional and Technical Services	11-000-240-300	12,200	-	12,200	12,200	-
Total Undist. Expend. - Support Services - School Administration		12,200	80	12,280	12,280	-
Undist. Expend. Support Services - Central Services:						
Purchased Professional Services	11-000-251-330	14,500	-	14,500	14,500	-
Purchased Technical Services	11-000-251-340	3,100	-	3,100	2,335	765
Supplies and Materials	11-000-251-600	-	189	189	189	-
Total Undist. Expend. Support Services - Central Services		17,600	189	17,789	17,024	765
Undist. Expend. Support Services - Admin. Info. Tech. Services:						
Purchased Technical Services	11-000-252-340	6,264	4,440	10,704	10,704	-
Total Undist. Expend. Support Services - Admin. Info. Tech. Services		6,264	4,440	10,704	10,704	-
Undist. Expend. - Required Maintenance for School Facilities:						
Cleaning, Repair and Maintenance Services	11-000-261-420	22,000	-	22,000	18,326	3,674
General Supplies	11-000-261-610	1,000	1,149	2,149	640	1,509
Total Undist. Expend. - Required Maintenance for School Facilities		23,000	1,149	24,149	18,966	5,183
Undist. Expend. - Custodial Services:						
Salaries	11-000-262-100	39,000	400	39,400	35,161	4,239
Purchased Professional and Technical Services	11-000-262-300	15,455	5,639	21,094	20,545	549

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

	ACCOUNT NUMBERS	June 30, 2014			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Cleaning, Repair and Maintenance Services	11-000-262-420	3,500	-	3,500	401
Insurance	11-000-262-520	15,780	-	15,780	1,043
General Supplies	11-000-262-610	5,000	668	5,668	100
Energy (Electricity)	11-000-262-622	60,900	(9,520)	51,380	39,841
Energy (Oil)	11-000-262-624	20,500	8,685	29,185	-
Other Objects	11-000-262-800	-	166	166	-
Total Undist. Expend. - Custodial Services		160,135	6,038	166,173	148,302
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	11-000-263-100	1,000	(400)	600	600
Purchased Professional and Technical Services	11-000-263-300	500	(297)	203	203
General Supplies	11-000-263-610	1,100	-	1,100	339
Total Undist. Expend. - Care & Upkeep of Grounds:		2,600	(697)	1,903	1,564
Total Undist. Expend. - Oper. & Maint. of Plant		185,735	6,490	192,225	167,607
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transp. (Bet. Home & School) - Regular	11-000-270-160	25,000	(25,000)	-	-
Management Fee - ESC Transportation Program	11-000-270-350	-	2,398	2,398	-
Other Purchased Professional and Technical Services	11-000-270-390	6,050	(50)	6,000	-
Cleaning, Repair, and Maintenance Services	11-000-270-420	7,500	(2,834)	4,666	-
Contracted Services - Aid in Lieu Payments - NonPub Sch	11-000-270-503	3,000	(536)	2,464	1,777
Contracted Services (Other Than Bet. Home & School) - Vendors	11-000-270-512	500	847	1,347	-
Contracted Services (Bet. Home & School) - Joint Agreements	11-000-270-513	74,500	30,162	104,662	-
Contracted Services (Special Ed. Students) - ESCs & CTSA	11-000-270-518	48,000	(603)	47,397	31,613
Miscellaneous Purchased Services - Transportation	11-000-270-593	2,000	(1,572)	428	428
Transportation Supplies	11-000-270-615	17,000	(3,130)	13,870	13,413
Total Undist. Expend. - Student Transportation Services		183,550	(318)	183,232	47,231
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	11-000-291-220	13,000	2,716	15,716	422
Other Retirement Contributions - PERS	11-000-291-241	15,200	-	15,200	3,092
Unemployment Compensation	11-000-291-250	4,000	(125)	3,875	1,647
Workmen's Compensation	11-000-291-260	5,000	125	5,125	1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

	ACCOUNT NUMBERS	June 30, 2014			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Health Benefits	11-000-291-270	109,793	(600)	109,193	69,297	39,896
Other Employee Benefits	11-000-291-290	-	600	600	600	-
Total Unallocated Benefits - Employee Benefits		146,993	2,716	149,709	104,651	45,058
On-Behalf Contributions:						
TPAF Pension Contributions (On-Behalf - Non-Budgeted)		-	-	-	14,427	(14,427)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	23,656	(23,656)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	19,409	(19,409)
Total On-Behalf Contributions		-	-	-	57,492	(57,492)
Total Personal Services - Employee Benefits		146,993	2,716	149,709	162,143	(12,434)
Total Undistributed Expenditures		1,857,104	(89,816)	1,767,288	1,506,584	260,704
Total Expenditures - Current Expense		2,276,015	(3,062)	2,272,953	1,896,019	376,934
CAPITAL OUTLAY						
Undistributed Exp. - Non-Instructional Services	12-000-300-730	-	3,250	3,250	-	3,250
Non-Instructional Services		-	3,250	3,250	-	3,250
Total Undistributed Exp. - Non-Instructional Services		-	3,250	3,250	-	3,250
Facilities Acquisition and Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	18,840	-	18,840	18,840	-
Total Facilities Acquisition and Construction Services		18,840	-	18,840	18,840	-
Total Capital Outlay		18,840	3,250	22,090	18,840	3,250
Total Expenditures		2,294,855	188	2,295,043	1,914,859	380,184
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(417,936)	(188)	(418,124)	26,983	445,107
Fund Balances, July 1		856,462	-	856,462	856,462	-

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For Fiscal Year Ended June 30, 2014

ACCOUNT NUMBERS	June 30, 2014			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Fund Balances, June 30	\$ 438,526	\$ (188)	\$ 438,338	\$ 883,445
Recapitulation:				
Restricted Fund Balance:				
Reserved Excess Surplus:				
Designated for Subsequent Year's Expenditures				\$ 99,549
Reserve for Excess Surplus				149,335
Maintenance Reserve				122,910
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures				230,348
Year-End Encumbrances				30,796
Unassigned Fund Balance				250,507
				883,445
Reconciliation To Governmental Funds Statements (GAAP):				
Last State Aid Payment Not Recognized on GAAP Basis				(60,438)
Fund Balance per Governmental Funds (GAAP)				\$ 823,007

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

	JUNE 30, 2014		VARIANCE		JUNE 30, 2013			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,391	\$ 2,391	\$ -
Federal Sources	69,539	-	69,539	63,752	-	38,173	38,173	(3,295)
Total Revenues	69,539	-	69,539	63,752	-	40,564	40,564	(3,295)
Expenditures:								
Instruction:								
Other Purchased Services	1,500	-	1,500	-	-	-	-	-
Tuition	35,091	-	35,091	34,996	-	18,074	18,074	2,527
General Supplies	29,522	-	29,522	26,106	-	2,992	2,992	1
Total Instruction	66,113	-	66,113	61,102	-	31,932	31,932	2,529
Support Services:								
Professional & Technical Services	3,139	-	3,139	2,363	-	6,241	6,241	766
Supplies and Materials	287	-	287	287	-	2,391	2,391	-
Total Support Services	3,426	-	3,426	2,650	-	8,632	8,632	766
Total Expenditures	69,539	-	69,539	63,752	-	40,564	40,564	3,295
Total Outflows	69,539	-	69,539	63,752	-	40,564	40,564	3,295
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR FISCAL YEAR ENDED JUNE 30, 2014**

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

	GENERAL FUND	SPECIAL REVENUE FUND
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 1,941,842	\$ 63,752
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances	-	(2,766)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	55,595	-
Less: Current year state aid payment not recognized for GAAP purposes until subsequent year	(60,438)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>1,936,999</u>	<u>60,986</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	1,914,859	63,752
Difference - 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.		
Less: Current Year Encumbrances	<u>-</u>	<u>(2,766)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>1,914,859</u>	<u>60,986</u>

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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EXHIBIT E-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR FISCAL YEAR ENDED JUNE 30, 2014
 (with comparative totals for the fiscal year ended June 30, 2013)

	I.D.E.A. PART B BASIC	TITLE I PART A	TITLE II PART A	REAP Program		TOTALS (MEMORANDUM ONLY)	
				2011-2012	2012-2013	JUNE 30, 2014	JUNE 30, 2013
Revenues							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,391
Federal Sources	34,398	413	1,950	16,503	10,488	63,752	34,878
Total Revenues	\$ 34,398	\$ 413	\$ 1,950	\$ 16,503	\$ 10,488	\$ 63,752	\$ 37,269
<u>Expenditures</u>							
Instruction:							
Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,865
Other Purchased Services	34,111	-	-	-	885	34,996	15,547
General Supplies	-	-	-	16,503	9,603	26,106	2,991
Total Instruction	34,111	-	-	16,503	10,488	61,102	29,403
Support Services:							
Professional & Technical Services	-	413	1,950	-	-	2,363	5,475
Supplies and Materials	287	-	-	-	-	287	2,391
Total Support Services	287	413	1,950	-	-	2,650	7,866
Total Expenditures	\$ 34,398	\$ 413	\$ 1,950	\$ 16,503	\$ 10,488	\$ 63,752	\$ 37,269

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F. Capital Projects Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2014**

PROJECT TITTLE/ISSUE	DATE	ORIGINAL APPROPRIATIONS	PRIOR YEARS	UNEXPENDED BALANCE
Green Bank Elementary School	09/2004	<u>\$ 5,478,646</u>	<u>\$ 5,469,143</u>	<u>\$ 9,503</u>
		<u>\$ 5,478,646</u>	<u>\$ 5,469,143</u>	<u>\$ 9,503</u>
Unexpended Balance				<u>\$ 9,503</u>
Fund Balance (B-2)				<u>\$ 9,503</u>

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

Fund Balance - July 1	<u>\$ 9,503</u>
Fund Balance - June 30	<u><u>\$ 9,503</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
 AND PROJECT STATUS - BUDGETARY BASIS
 GREEN BANK ELEMENTARY SCHOOL
 From Inception and For the Year Ended June 30, 2014

	PRIOR PERIODS	TOTALS	REVISED AUTHORIZED COST
Revenues and Other Financing Sources:			
State Sources - SCC Grant	\$ 1,441,825	\$ 1,441,825	\$ 1,478,646
Contribution from Township	4,000,000	4,000,000	4,000,000
Total Revenues	5,441,825	5,441,825	5,478,646
Expenditures and Other Financing Sources:			
Purchased Professional and Technical Services	612,635	612,635	612,635
Construction Services	4,819,687	4,819,687	4,866,011
Total Expenditures	5,432,322	5,432,322	5,478,646
Excess/(Deficiency) of Revenues Over/(Under) Expenditures			
	\$ 9,503	\$ 9,503	\$ -

Additional Project Information:

Project Number	SP# 5490-050-02-0760
Grant Date/Letter of Notification	09/10/04
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	
Additional Authorized Cost	
Revised Authorized Cost	
Percentage Increase over Original Authorized Cost	76.00%
Percentage Completion	99.15%
Original Target Completion Date	09/2007
Revised Target Completion Date	09/2007

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G. Proprietary Funds

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

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H. Fiduciary Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	STUDENT ACTIVITY	PAYROLL FUND	Totals	
			JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
<u>Assets</u>				
Cash and Cash Equivalents	\$ 236	\$ 5,865	\$ 6,101	\$ 9,006
Total Assets	<u>236</u>	<u>5,865</u>	<u>6,101</u>	<u>9,006</u>
<u>Liabilities:</u>				
Due To General Operating Fund	-	-	-	279
Payable To Student Groups	236	-	236	821
Payroll Deductions and Withholdings	-	5,865	5,865	7,906
Total Liabilities	<u>\$ 236</u>	<u>\$ 5,865</u>	<u>\$ 6,101</u>	<u>\$ 9,006</u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

	BALANCE JULY 1, 2013	CASH DISBURSEMENTS	BALANCE JUNE 30, 2014
Elementary Schools:			
Green Bank	<u>\$ 821</u>	<u>\$ 585</u>	<u>\$ 236</u>
Total Student Activity	<u><u>\$ 821</u></u>	<u><u>\$ 585</u></u>	<u><u>\$ 236</u></u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
ASSETS				
Cash and Cash Equivalents	<u>\$ 8,185</u>	<u>\$ 488,714</u>	<u>\$ 491,034</u>	<u>\$ 5,865</u>
Total Assets	<u><u>\$ 8,185</u></u>	<u><u>\$ 488,714</u></u>	<u><u>\$ 491,034</u></u>	<u><u>\$ 5,865</u></u>
LIABILITIES				
Due To General Operating Fund	\$ 279	\$ -	\$ 279	\$ -
Payroll Deductions and Withholdings	<u>7,906</u>	<u>488,714</u>	<u>490,755</u>	<u>5,865</u>
Total Liabilities	<u><u>\$ 8,185</u></u>	<u><u>\$ 488,714</u></u>	<u><u>\$ 491,034</u></u>	<u><u>\$ 5,865</u></u>

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Government Activities:										
Net Investment in Capital Assets	\$ 557,189	\$ 4,954,405	\$ 6,048,208	\$ 5,910,045	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,414,192	\$ 4,277,744	\$ 4,160,818
Restricted	4,914,423	1,475,622	131,338	115,726	270,676	155,928	538,797	620,295	615,617	642,441
Unrestricted	400,635	142,205	82,277	189,836	136,452	218,861	169,884	161,040	174,614	168,950
Total Government Activities Net Position	\$ 5,872,247	\$ 6,572,232	\$ 6,261,823	\$ 6,215,607	\$ 6,179,010	\$ 6,085,580	\$ 5,288,148	\$ 5,195,527	\$ 5,067,975	\$ 4,972,209
Business-Type Activities:										
Net Investment in Capital Assets	\$ 1,042	\$ 694	\$ 347	\$ -	\$ -	\$ -	\$ -	\$ 25,727	\$ 22,254	\$ 18,784
Unrestricted	29,440	33,680	38,900	39,102	31,584	28,329	18,937	13,444	5,748	3,381
Total Business-Type Activities Net Position	\$ 30,482	\$ 34,374	\$ 39,247	\$ 39,102	\$ 31,584	\$ 28,329	\$ 18,937	\$ 39,171	\$ 28,002	\$ 22,165
District-wide:										
Net Investment in Capital Assets	\$ 558,231	\$ 4,955,099	\$ 6,048,555	\$ 5,910,045	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,439,919	\$ 4,299,998	\$ 4,179,602
Restricted	4,914,423	1,475,622	131,338	115,726	270,676	155,928	538,797	620,295	615,617	642,441
Unrestricted	430,075	175,885	121,177	228,938	168,036	247,190	188,820	174,483	180,362	172,331
Total District Net Position	\$ 5,902,729	\$ 6,606,606	\$ 6,301,070	\$ 6,254,709	\$ 6,210,594	\$ 6,113,909	\$ 5,307,084	\$ 5,234,697	\$ 5,095,977	\$ 4,994,374

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (633,484)	\$ (586,228)	\$ (643,111)	\$ (610,989)	\$ (645,342)	\$ (926,382)	\$ (746,967)	\$ (579,860)	\$ (379,457)	\$ (405,073)
Special Education	(127,150)	(88,673)	(90,439)	(96,761)	(56,458)	(101,220)	(84,480)	(80,134)	(60,563)	(42,698)
Other Special Education	(22,369)	(43,728)	(21,270)	-	-	-	-	-	-	-
Other Instruction	(2,171)	(2,071)	(2,446)	(1,900)	(1,900)	(2,500)	(116)	-	-	-
Support Services:										
Tuition	(305,753)	(379,550)	(490,254)	(396,834)	(372,413)	(326,930)	(403,290)	(618,533)	(731,892)	(836,390)
Student and Instruction Related Services	(142,307)	(152,261)	(190,148)	(181,883)	(272,677)	(218,479)	(224,392)	(221,701)	(159,873)	(131,753)
General & Business Administrative Services	(89,523)	(121,037)	(121,171)	(75,094)	(79,960)	(70,743)	(50,798)	(36,988)	(36,275)	(35,332)
School Administrative Services	(80,741)	(23,214)	(18,614)	(14,816)	(15,423)	(17,095)	(12,904)	(12,904)	(12,450)	(12,280)
Central Services	-	-	-	-	-	(24,232)	(25,893)	(18,857)	(17,476)	(17,024)
Administrative Information Technology	-	-	-	-	-	(9,384)	(5,624)	(5,736)	(5,966)	(10,704)
Plant Operations and Maintenance	(112,632)	(106,238)	(149,970)	(149,851)	(145,563)	(199,954)	(208,868)	(196,642)	(159,905)	(166,925)
Pupil Transportation	(140,839)	(167,395)	(167,414)	(203,792)	(192,356)	(179,991)	(31,840)	(161,226)	(159,443)	(136,001)
Employee Benefits	(292,578)	(311,734)	(380,069)	(354,937)	(265,569)	-	-	-	(222,188)	(163,123)
Charter Schools	(8,950)	(9,220)	(9,557)	(9,557)	-	-	-	-	-	-
Cancellation of Account Receivable	-	-	-	(36,821)	-	-	-	-	-	-
Unallocated Increase in Compensated Absences	(580)	920	(4,165)	(296)	(11,587)	-	-	-	-	-
Unallocated Loss on Revaluation of Assets	(26,327)	-	-	-	-	-	-	-	-	-
Unallocated Depreciation and Amortization	(10,886)	(6,502)	(188,194)	(138,163)	(138,163)	(140,793)	(144,285)	(138,308)	(136,448)	(136,448)
Total Governmental Activities Expenses	(1,996,290)	(1,974,473)	(2,499,280)	(2,262,137)	(2,197,411)	(2,217,703)	(1,943,528)	(2,070,888)	(2,081,956)	(2,093,751)
Business-Type Activities:										
Food Service	(51,145)	(49,096)	(52,436)	(44,577)	(61,418)	(47,470)	(26,610)	(26,587)	(22,773)	(18,447)
Total Business-Type Activities Expenses	(51,145)	(49,096)	(52,436)	(44,577)	(61,418)	(47,470)	(26,610)	(26,587)	(22,773)	(18,447)
Total District Expenses	\$ (2,047,435)	\$ (2,023,569)	\$ (2,551,716)	\$ (2,306,714)	\$ (2,258,829)	\$ (2,265,174)	\$ (1,970,138)	\$ (2,097,475)	\$ (2,104,709)	\$ (2,112,198)
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 74,499	\$ 66,288	\$ 83,419	\$ 68,041	\$ 118,714	\$ 94,923	\$ 91,260	\$ 91,260	\$ 220,218	\$ 203,340
Total Governmental Activities Program Revenues	74,499	66,288	83,419	68,041	118,714	94,923	91,260	91,260	220,218	203,340
Business-Type Activities:										
Charges for Services:										
Food Service	17,621	15,892	18,096	20,916	18,820	15,240	7,851	9,643	4,108	5,188
Operating Grants and Contributions	12,115	10,492	11,079	13,111	18,956	18,975	9,367	7,978	7,497	7,422
Total Business-Type Activities Program Revenues	29,736	26,384	29,175	34,027	37,776	34,216	17,218	17,621	11,604	12,610
Total District Program Revenues	\$ 104,235	\$ 92,672	\$ 112,594	\$ 102,068	\$ 156,490	\$ 129,139	\$ 108,478	\$ 108,881	\$ 231,822	\$ 215,950

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCURAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue:										
Governmental Activities	(1,921,791)	(1,908,185)	(2,415,861)	(2,194,096)	(2,078,697)	(2,122,780)	(1,852,268)	(1,979,628)	(1,861,718)	(1,890,411)
Business-Type Activities	(21,409)	(22,712)	(23,261)	(10,550)	(23,642)	(13,255)	(9,393)	(8,966)	(11,169)	(5,837)
Total District-wide Net (Expense)/Revenue	(1,943,200)	(1,930,897)	(2,439,122)	(2,204,646)	(2,102,339)	(2,136,035)	(1,861,661)	(1,988,595)	(1,872,887)	(1,896,248)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	1,074,166	1,106,937	1,237,811	1,257,077	1,257,077	1,249,077	1,425,743	1,169,139	1,187,766	1,206,765
State Aid - Unrestricted	2,286,643	833,680	857,850	880,436	798,113	779,879	687,835	736,218	546,356	580,956
Revaluation of Fixed Assets	-	678,829	-	-	-	-	-	-	-	-
Local Source Revenue - Capital Projects	4,000,000	-	22,131	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	325	1,861	79	-	-
Miscellaneous Income	29,005	15,328	15,794	20,708	2,910	15,169	22,524	8,539	44	6,924
Transfers	(22,000)	(26,604)	(28,134)	(10,341)	(16,000)	(15,100)	-	-	-	-
Total Governmental Activities	7,367,814	2,608,170	2,105,452	2,147,880	2,042,100	2,029,351	2,137,963	1,913,975	1,734,166	1,794,645
Business-Type Activities:										
Miscellaneous Income	-	-	-	64	124	-	-	-	-	-
Transfers	22,000	26,604	28,134	10,341	16,000	10,000	-	-	-	-
Total Business-Type Activities	22,000	26,604	28,134	10,405	16,124	10,000	-	-	-	-
Total District-wide	7,389,814	2,634,774	2,133,586	2,158,285	2,058,224	2,039,351	2,137,963	1,913,975	1,734,166	1,794,645
Changes in Net Position:										
Governmental Activities	5,446,023	699,985	(310,409)	(46,216)	(36,597)	(93,430)	285,695	(65,654)	(127,552)	(95,766)
Business-Type Activities	591	3,892	4,873	(145)	(7,518)	(3,255)	(9,393)	(8,966)	(11,169)	(5,837)
Total District	5,446,614	703,877	(305,536)	(46,361)	(44,115)	(96,685)	276,303	(74,620)	(138,721)	(101,603)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 27,966	\$ 123,266	\$ 24,900	\$ 26,834	\$ 180,924	\$ 143,810	\$ -	\$ -	\$ -	\$ -
Unreserved	164,622	96,060	76,026	203,681	162,200	239,560	-	-	-	-
Restricted	-	-	-	-	-	-	310,331	532,060	466,957	371,794
Assigned	-	-	-	-	-	-	218,964	78,733	139,157	261,144
Unassigned	-	-	-	-	-	-	188,087	180,272	194,753	190,069
Total General Fund	\$ 192,588	\$ 219,326	\$ 100,926	\$ 230,515	\$ 343,124	\$ 383,370	\$ 717,381	\$ 791,064	\$ 800,867	\$ 823,007
All Other Governmental Funds:										
Reserved	\$ 4,894,042	\$ 1,387,856	\$ 126,257	\$ 89,436	\$ 62,944	\$ 2,615	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(369)	(369)	(19)	(544)	-	-	-	-	-	-
Capital Projects Fund	239,417	20,714	316	316	26,808	9,503	-	-	-	-
Restricted for:										
Capital Projects	-	-	-	-	-	-	9,503	9,503	9,503	9,503
Total All Other Governmental Funds	\$ 5,133,090	\$ 1,408,201	\$ 126,554	\$ 89,208	\$ 89,752	\$ 12,118	\$ 9,503	\$ 9,503	\$ 9,503	\$ 9,503

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tax Levy	\$ 1,074,166	\$ 1,106,937	\$ 1,237,811	\$ 1,257,077	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765
Miscellaneous	29,005	15,328	15,794	20,708	2,910	15,494	24,386	8,618	44	6,924
Local Sources	4,000,000	-	31,088	14,456	81,244	-	-	-	2,391	-
Tuition	-	-	22,131	-	-	-	-	-	-	-
State Sources	2,297,713	845,006	868,161	890,990	798,206	807,377	732,695	762,156	731,747	723,310
Federal Sources	63,429	54,962	42,020	43,031	37,377	67,425	46,400	65,322	32,437	60,986
Total Revenues	7,464,313	2,022,233	2,217,005	2,226,262	2,176,814	2,139,374	2,229,223	2,005,235	1,954,384	1,997,985
Expenditures:										
Instruction:										
Regular	633,484	586,228	643,111	610,989	645,342	729,917	569,096	440,748	379,457	405,073
Special Education	127,150	88,673	90,439	96,761	56,458	81,879	65,277	63,867	60,563	42,698
Other Special	22,369	21,270	43,728	-	-	-	-	-	-	-
Other	2,171	2,071	2,446	1,900	1,900	2,500	116	-	-	-
Support Services and Undistributed Costs:										
Tuition	305,753	379,550	490,254	396,834	372,413	326,930	403,290	618,533	731,892	836,390
Student and Instruction Related Services	142,307	152,261	190,148	181,883	272,677	196,019	192,489	186,779	159,873	131,753
General & Business Administration Services	53,600	23,214	18,614	14,816	15,423	67,330	50,482	36,530	36,275	35,332
School Administrative Services	89,523	96,167	88,696	44,989	49,410	17,095	16,975	12,904	12,450	12,280
Central Services	27,141	24,870	32,475	30,105	30,550	24,232	25,893	18,857	17,476	17,024
Administrative Information Technology	-	-	-	-	-	9,384	5,624	5,736	5,966	10,704
Plant Operations and Maintenance	112,632	106,238	149,970	149,851	145,563	162,290	147,732	160,949	147,687	167,607
Pupil Transportation	140,839	167,395	167,414	203,792	192,356	179,991	123,100	137,193	159,443	136,001
Other Support Services	292,578	311,734	380,069	354,937	265,569	284,393	277,615	240,552	221,282	162,143
Unallocated Benefits	8,950	9,220	9,557	-	-	-	-	-	-	-
Charter Schools	345,263	3,724,889	1,281,997	-	-	79,702	20,138	8,903	12,218	18,840
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	2,303,760	5,693,780	3,588,918	2,086,857	2,047,661	2,161,662	1,897,827	1,931,551	1,944,582	1,975,845
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	5,160,553	(3,671,547)	(1,371,913)	139,405	129,153	(22,288)	331,396	73,683	9,803	22,140
Other Financing Sources/(Uses):										
Transfers Out	(22,000)	(26,604)	(28,134)	(10,341)	(16,000)	(15,100)	-	-	-	-
Cancellation of Accounts Receivable	-	-	-	(36,821)	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(22,000)	(26,604)	(28,134)	(47,162)	(16,000)	(15,100)	-	-	-	-
Net Change in Fund Balances	\$ 5,138,553	\$ (3,698,151)	\$ (1,400,047)	\$ 92,243	\$ 113,153	\$ (37,388)	\$ 331,396	\$ 73,683	\$ 9,803	\$ 22,140
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -
Interest on Investments	3,193	-	14,042	8,412	1,347	839	1,861	79	-	-
Miscellaneous	25,812	15,328	1,752	12,296	651	-	1,522	974	44	6,924
	\$ 29,005	\$ 15,328	\$ 15,794	\$ 20,708	\$ 1,998	\$ 839	\$ 21,383	\$ 1,053	\$ 44	\$ 6,924

Source: District records

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

YEAR ENDING DECEMBER 31,	DISTRICT DIRECT RATE		OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	LOCAL SCHOOL RATE	TOWNSHIP OF WASHINGTON	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2005	1.920	1.920		0.736	0.065	0.077	2.798	
2006	1.994	1.994		0.732	0.067	0.080	2.873	
2007	0.742	0.742		0.313	0.029	0.036	1.120	
2008	0.732	0.732		0.343	0.032	0.043	1.150	
2009	N/A	N/A		N/A	N/A	N/A	N/A	
2010	0.734	0.734		0.289	0.028	0.038	1.089	
2011	0.819	0.819		0.266	0.026	0.034	1.145	
2012	0.820	0.820		0.259	0.026	0.034	1.139	
2013	0.819	0.819		0.294	0.027	0.013	1.153	
2014	1.126	1.126		0.336	0.031	0.016	1.509	

Source: Municipal Tax Collector

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2014			2005		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Lippincott & Worth, Inc.	8,077,400	1	8.42%			
M & T Family Holdings, LLC	4,140,500	2	4.32%			
Wading Pines Camping Resort, Inc.	3,935,000	3	4.10%			
Pacemaker Properties, LTD	1,015,000	4	1.06%			
Haines Holly	959,600	5	1.00%			
Taxpayer #1	910,400	6	0.95%			
Taxpayer #2	843,100	7	0.88%			
Taxpayer #3	813,200	8	0.85%			
Black Leopard, LLC	800,000	9	0.83%			
Vision Properties, Lower Bk Part	799,000	10	0.83%			
Total	\$ 22,293,200		\$ 23.25%	\$	\$	\$

DATA NOT AVAILABLE

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY ^a		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2005	\$ 1,074,166	\$ 1,074,166	100.00%	-
2006	1,106,937	1,106,937	100.00%	-
2007	1,237,811	1,237,811	100.00%	-
2008	1,257,077	1,257,077	100.00%	-
2009	1,257,077	1,257,077	100.00%	-
2010	1,249,077	1,249,077	100.00%	-
2011	1,425,743	1,425,743	100.00%	-
2012	1,169,139	1,169,139	100.00%	-
2013	1,187,766	1,187,766	100.00%	-
2014	1,206,765	1,206,765	100.00%	-

Source: School District records

- 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.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BOND		BUSINESS-TYPE ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME ^a	PER CAPITA ^a
	GENERAL OBLIGATION BONDS ^b	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	ANTICIPATION NOTES (BAN)	CAPITAL LEASES						
2005	\$	\$	\$	\$	\$	\$	\$	\$	\$		
2006											
2007											
2008											
2009	None	None	None	None	None	None	None	None	N/A	N/A	N/A
2010	None	None	None	None	None	None	None	None	N/A	N/A	N/A
2011	None	None	None	None	None	None	None	None	N/A	N/A	N/A
2012	None	None	None	None	None	None	None	None	N/A	N/A	N/A
2013	None	None	None	None	None	None	None	None	N/A	N/A	N/A
2014	None	None	None	None	None	None	None	None	N/A	N/A	N/A

DATA NOT AVAILABLE

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2005	None	None	None	0.00	0.00
2006	None	None	None	0.00	0.00
2007	None	None	None	0.00	0.00
2008	None	None	None	0.00	0.00
2009	None	None	None	0.00	0.00
2010	None	None	None	0.00	0.00
2011	None	None	None	0.00	0.00
2012	None	None	None	0.00	0.00
2013	None	None	None	0.00	0.00
2014	None	None	None	0.00	0.00

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ^a	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes: Washington Township County of Burlington			
Subtotal, Overlapping Debt		NOT AVAILABLE	
Washington Township School District			
Washington District Direct Debt			
Total Direct and Overlapping Debt			\$

Sources: Assessed value data used to estimate applicable percentages provided by the Gloucester 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 Hazlet. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

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

YEAR	POPULATION ^a	PERSONAL INCOME ^b	PER CAPITA PERSONAL INCOME ^c	UNEMPLOYMENT RATE ^d
2005	641	\$ 26,149,595	\$ 40,795	6.1%
2006	647	28,177,497	43,551	6.4%
2007	643	29,232,709	45,463	6.1%
2008	646	30,341,328	46,968	8.0%
2009	649	30,188,884	46,516	13.2%
2010	687	32,557,617	47,391	14.1%
2011	689	33,291,102	48,318	13.8%
2012	686	N/A	N/A	14.3%
2013	687	17,043,096	24,808	8.60%
2014	684	32,690,560	51,079	1.60%

Source:

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

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

EMPLOYER	2014			2005		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT
Washington Twp. Municipality		1			1	
Green Bank Volunteer Fire Co/		2			2	
Dolphin Industries, Ltd.		3			3	
Green Bank School District		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
			DATA NOT AVAILABLE			
Total						

Information not available at time of CAFR preparation.

Source: Office of the Business Administrator of the Township of Mullica

Note a: Total Employment Not Available since No Authoritative Source is Known

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction:										
Regular	14.50	14.50	11.20	10.40	10.80	8.80	7.60	6.40	3.93	4.47
Special Education	2.00	2.00	2.00	2.00	1.00	1.00	1.00	2.70	0.68	0.68
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.96
School Administrative Services	0.50	0.50	0.50	0.50			0.50		0.50	0.50
General & Business Administrative Services	0.50	0.50	0.50	0.50			0.50		0.50	0.50
Plant Operations and Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Food Service	1.50	1.50	1.50	1.00	1.40	1.40	1.00			
Total	<u>22.00</u>	<u>22.00</u>	<u>18.70</u>	<u>17.40</u>	<u>16.20</u>	<u>14.20</u>	<u>13.60</u>	<u>12.10</u>	<u>8.61</u>	<u>8.11</u>

Source: District Personnel Records

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES ^a	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF ^b	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) ^c	AVERAGE DAILY ATTENDANCE (ADA) ^d	PERCENTAGE CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2005	100	\$ 2,303,760	\$ 23,038	39.63%	19	5.5:1	100.0	95.0	-9.09%	95.00%
2006	81	1,968,891	24,307	5.51%	13	6.3:1	N/A	N/A	N/A	N/A
2007	71	2,306,921	32,492	33.67%	13	5.4:1	79.0	75.0	-21.00%	94.94%
2008	73	2,018,816	27,655	-14.89%	14	5.4:1	70.0	67.0	-11.39%	95.71%
2009	81	1,928,947	23,814	-13.89%	10.8	7.5:1	69.0	65.0	-1.43%	94.20%
2010	68	2,003,061	29,457	23.69%	10.2	6.7:1	81.2	76.3	17.68%	93.97%
2011	90	2,283,081	25,368	-13.88%	10	6.4:1	90.0	88.5	10.84%	98.33%
2012	80	1,890,594	23,632	-6.84%	8	10:1	45.4	42.9	-49.56%	94.49%
2013	100	1,932,364	19,324	-17.72%	5	7.3:1	36.7	34.4	-19.16%	93.73%
2014	102	1,957,005	19,186	-0.71%	5	6.2:1	31.2	30.0	-14.99%	96.15%

Source: District records

Note: Enrollment based on annual October District count.

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
DISTRICT BUILDINGS										
Green Bank School (2006)										
Square Feet	N/A	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321
Capacity (Students)	N/A	250	250	250	250	250	250	250	250	250
Enrollment PK-8	N/A	78	70	73	81	70	60	45	37	31

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	<u>*SCHOOL FACILITIES</u>	GREEN BANK ELEMENTARY SCHOOL	<u>TOTAL</u>
	PROJECT # (S)		
2005	N/A	\$ 8,549	\$ 8,549
2006	N/A	13,478	13,478
2007	N/A	9,976	9,976
2008	N/A	12,795	12,795
2009	N/A	17,088	17,088
2010	N/A	9,870	9,870
2011	N/A	10,973	10,973
2012	N/A	12,631	12,631
2013	N/A	11,087	11,087
2014	N/A	18,966	18,966
		<u>\$ 125,413</u>	<u>\$ 125,413</u>
Total School Facilities		<u>\$ 125,413</u>	<u>\$ 125,413</u>

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

Source: District records

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2014
(UNAUDITED)**

	COVERAGE	DEDUCTIBLE
School Package Policy:		
Property		
Blanket Coverage for Building and Contents	\$ 5,450,000	\$ 1,000
Extra Expense	50,000,000	1,000
Papers and Records	10,000,000	1,000
Electronic Hardware and Software	75,000	1,000
General Liability	6,000,000	N/A
Medical Expense Limit		
Employee Benefits Liability		
Automobile	6,000,000	0
Sexual Abuse Liability		
School Board Legal Liability	5,000,000	5,000
Boiler and Machinery	100,000,000	1,000
Workers' Compensation		N/A
Student Accident:		
Basic/Sports K-8	5,000,000	0
Catastrophic K-8	1,000,000	0
Surety Bonds:		
Treasurer	125,000	
Board Secretary/Business Administrator	100,000	

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Washington Township School District
County of Burlington
Washington, 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Washington 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 Washington Township School District’s basic financial statements, and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’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 Washington Township School District'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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

November 7, 2014
Freehold, New Jersey



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

10 Allen Street, Suite 2B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04.

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

Report on Compliance for Each Major State Program

We have audited the Washington Township School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2014. The Washington Township School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Washington Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Washington Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Washington Township School District 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 Washington Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Washington Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

November 7, 2014
Freehold, New Jersey

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED JUNE 30, 2014

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE JUNE 30, 2014		BUDGETARY RECEIVED	DEFERRED ADJUSTMENT	BALANCE AT JUNE 30, 2014		MEMO CUMULATIVE TOTAL EXPENDITURES
				REVENUES/ (ACCOUNTS RECEIVABLE)	CASH RECEIVED			(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	
State Department of Education										
General Fund:										
Equalization Aid	14-495-034-5120-078	\$ 145,352	07/01/13	06/30/14	\$ -	145,352	\$ -	\$ -	13,109	\$ 145,352
School Choice Aid	14-495-034-5120-068	95,824	07/01/13	06/30/14	-	95,824	-	-	8,642	95,824
Transportation Aid	14-495-034-5120-014	84,355	07/01/13	06/30/14	-	84,355	-	-	7,608	84,355
Special Education Aid	14-495-034-5120-089	51,627	07/01/13	06/30/14	-	51,627	-	-	4,656	51,627
Security Aid	14-495-034-5120-084	9,596	07/01/13	06/30/14	-	9,596	-	-	865	9,596
Adjustment Aid	14-495-034-5120-085	283,400	07/01/13	06/30/14	-	283,400	-	-	25,558	283,400
Reimbursement of Nonpublic Transportation	14-495-034-5120-014	507	07/01/13	06/30/14	-	-	-	(507)	-	507
Reimbursement of Nonpublic Transportation	13-495-034-5120-014	348	07/01/12	06/30/13	(348)	348	-	-	-	-
On-Behalf TPAF Pension Contributions (Non-Budgeted)	14-495-034-5095-001	14,427	07/01/13	06/30/14	-	14,427	-	-	-	14,427
On-Behalf TPAF Post Retirement Medical (Non-Budgeted)	14-495-034-5095-001	23,656	07/01/13	06/30/14	-	23,656	-	-	-	23,656
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	14-495-034-5095-002	19,409	07/01/13	06/30/14	-	18,439	-	(970)	-	19,409
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	13-495-034-5095-002	21,046	07/01/12	06/30/13	(955)	955	-	-	-	-
Total General Fund					(1,303)	727,979	(728,153)	(1,477)	60,438	728,153
Special Revenue Fund:										
Character Education	06-495-034-5120-053	108			107	-	(107)	-	-	-
Total Special Revenue Fund					107	-	(107)	-	-	-
State Department of Agriculture										
Enterprise Fund:										
National School Lunch Program (State Share)	13-100-010-3350-023	164	07/01/12	06/30/13	(11)	11	-	-	-	-
National School Lunch Program (State Share)	14-100-010-3350-023	172	07/01/13	06/30/14	-	150	(172)	(22)	-	172
Total Enterprise Fund					(11)	161	(172)	(22)	-	172
Total State Financial Assistance					\$ (1,207)	\$ 728,140	\$ (728,325)	\$ (1,499)	\$ 60,438	\$ 728,325
Less: Grants Not Subject to New Jersey OMB Circular 04-04:										
On-Behalf TPAF Contributions	14-495-034-5095-001									38,083
Total State Financial Assistance subject to New Jersey OMB Circular 04-04:										\$ (690,242)

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014**

1. General

The accompanying schedule of state financial assistance include state financial assistance programs of the Washington Township School District. The School District is defined in Note 1 to the District's basic financial statements. All State awards received directly from State agencies, as well as state financial assistance passed through other government agencies is included on the schedule of state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures 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. This basis of accounting is described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,843) for the general fund and \$(2,766) for the special revenue fund. See Note 1 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 District's basic financial statements on a GAAP basis as presented as follows:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2014**

3. Relationship to Basic Financial Statements (continued):

	State
General Fund	\$ 723,310
Food Service Fund	<u>172</u>
Total Financial Assistance	<u><u>\$ 723,482</u></u>

4. Relationship to State Financial Reports

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

5. Other

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 Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

Note 6. Federal and State Loans Outstanding

The Washington Township School District had no loan balances outstanding at June 30, 2014.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & 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:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	No

State Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04?	No

Identification of major programs:

GMIS Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-068	School Choice
495-034-5120-089	Categorical Special Education Aid

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Section II – Financial Statement Findings

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

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2014**

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

No Prior Year Findings

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