

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

Green Bank, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**GREEN BANK, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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) 965-3520

Egg Harbor City, New Jersey 08215  
Fax (609) 965-6330

October 25, 2016

Honorable President and  
Members of the Board of Education  
Washington Township School District  
Green Bank, New Jersey 08215

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, 2016. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 14, as amended by GASB Statements No. 34 and No. 61. 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 1996, as amended, the U. S. Office of Management and Budget’s 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Treasury Circular Letter 15-08 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, as amended by GASB Statements No. 34 and No. 61. 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 4. 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>
2015-2016	36.0	(9.77%)
2014-2015	39.9	27.88%
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>
2015-2016	34.5	(8.6%)
2014-2015	37.8	26.0%
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; although the school enrollment has decreased. The Washington Township School District relies on the continued funding received by the municipality from the Pinelands Commission.

## 3. MAJOR INITIATIVES

The shared services program is in place to combine Administrative, Business, and some staffing services with the Mullica Township Board of Education. This is the third year of a three year shared services contract agreement. These include School Business services, Superintendent services, Curriculum and Staff Development services, Instructional services (technology, music, art, physical education), Speech services, Child Study Team services that include supervision, counseling, Cafeteria Consulting services, and Facilities Maintenance Management. 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 12<sup>th</sup> year of the District's participation in the State's Public School Choice Program. Six students have enrolled in this Program. A contract with the Greater Egg Regional High School District for transportation services has made the students' commute to the Mullica Township School District, Greater Egg Regional High School District, Burlington County Institute of Technology and Atlantic County Special Services District shorter and easier; further providing the District with cost savings.

At the urging of township residents, a feasibility study was commissioned through the SRI/ETTC at Stockton University to determine the merits of becoming a non-operating school district and sending all of our students from Pre-K through grade 8 to the Mullica Township School District. Currently, only grades 5 through 8 attend Mullica. The study was sent to the Commissioner of Education upon completion. The results of the study determined that there would be no adverse effect for students Pre-K through 4 if they were to attend the Mullica Township School District. It further outlined the potential savings to the district. The Board of Education voted to become a non-operating send/receive district. All students grades PreK through 8 will attend the Mullica Township School District starting with the 2016-2017 school year.

## 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, 2016, 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


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 Washington Township School District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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,

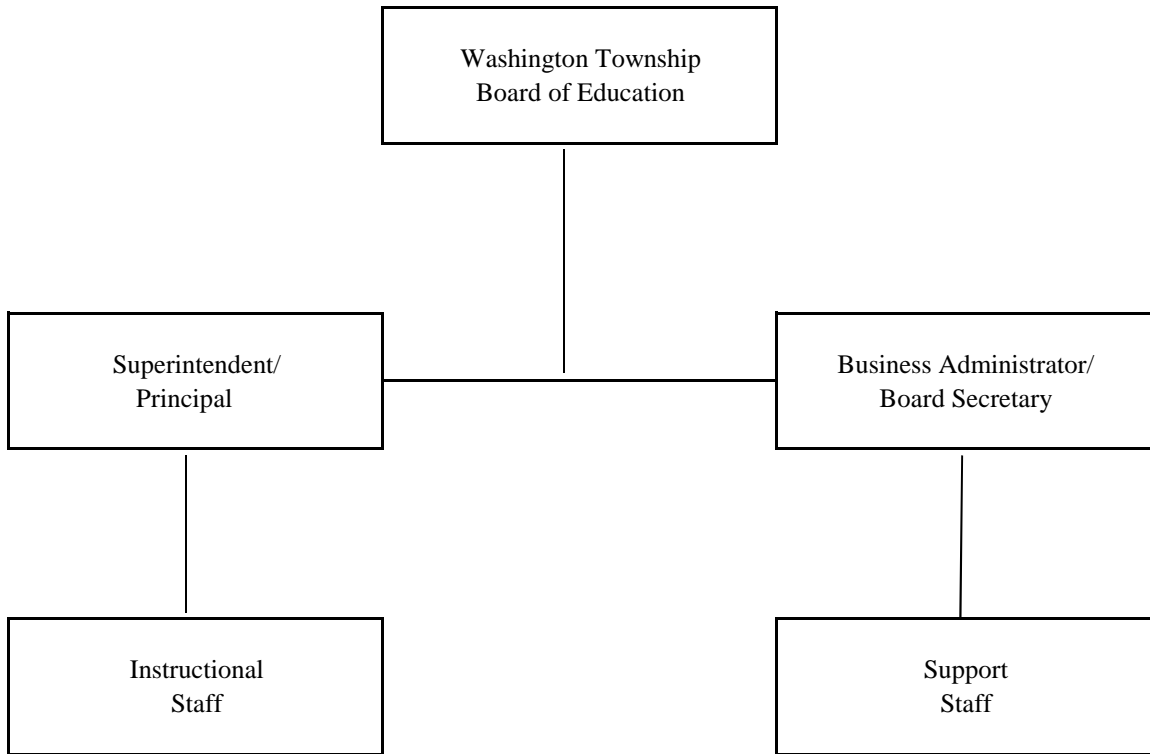
  
\_\_\_\_\_  
Dr. Thomas Baruffi  
Interim Superintendent

  
\_\_\_\_\_  
Karen Gfroehrer  
Business Administrator/Board Secretary

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# Washington Township School District



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

**ROSTER OF OFFICIALS**

**June 30, 2016**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Jeremy Senn, President	2018
Charlene Lee, Vice President	2017
Scott Bartling	2018
Karen Del Nero	2018
Fatima Ford	2016
Karen Melita	2016
Bill Scamoffa	2016

**OTHER OFFICIALS**

Dr. Thomas Baruffi - Interim Superintendent

Karen Gfroehrer, Business Administrator/Board Secretary

Dawn Stollenwerk, Treasurer of School Monies

Ronald W. Sahli, Solicitor

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**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

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**FINANCIAL SECTION**

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

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795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090  
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[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Washington Township School District  
County of Burlington  
Green Bank, New Jersey 08215

### 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, 2016, 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, 2016, 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, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed 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 introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively*, and is also not a required part of the basic financial statements.

The accompanying combining statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were 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 accompanying combining statements and

schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016 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 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

Freehold, New Jersey  
October 25, 2016

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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# WASHINGTON TOWNSHIP PUBLIC SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016 (Unaudited)

### Introduction

This section of the Washington Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Account Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2015-16) and the prior year (2014-15) is required to be presented in the MD&A.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District improving or deteriorating.

The statement of activities (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

**Fund Financial Statements** - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories; governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation of the District's near term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, debt service fund and permanent fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

**Proprietary Funds** - The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the government-wide financial statements.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups and for payroll transactions. The basic fiduciary fund financial statements can be found as Exhibit B-7 in this report.



**Notes to the Financial Statements** - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

**Other Information** - The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

### **Financial Highlights**

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$2,115,540 or 92% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$176,593 or 8% of total revenue of \$2,292,133.
- Total net position of governmental activities decreased by \$145,801.
- The School District had \$2,445,148 in expenses; only \$176,593 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues of \$2,115,540, together with Fund Balance, were adequate to provide for these programs.
- The General Fund had a total fund balance of \$600,694.

### **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, 2016 and 2015.

Table 1 – Net Position

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 578,930	\$ 526,678
Receivables, Net	297,465	110,193
Capital Assets, Net	<u>3,905,332</u>	<u>4,043,777</u>
Total Assets	<u>4,781,727</u>	<u>4,680,648</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	<u>51,894</u>	<u>37,376</u>
Total Deferred Outflows of Resources	<u>51,894</u>	<u>37,376</u>
Total Assets and Deferred Outflow of Resources	<u>4,833,621</u>	<u>4,718,024</u>
<b>Liabilities:</b>		
Accounts Payable	265,594	1,980
Unearned Revenue	2,696	2,263
PERS Pension Payable	-	11,093
Noncurrent Liabilities:		
Due Beyond One Year	<u>303,330</u>	<u>320,103</u>
Total Liabilities	<u>571,620</u>	<u>335,439</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions	<u>50,014</u>	<u>17,583</u>
Total Deferred Inflows of Resources	<u>50,014</u>	<u>17,583</u>
<b>Net Position</b>		
Net Investment in Capital Assets	3,910,729	4,028,463
Restricted for:		
Capital Projects	9,503	9,503
General Fund	404,455	427,396
Unrestricted	<u>(112,700)</u>	<u>(117,956)</u>
Total Net Position	<u>\$ 4,211,987</u>	<u>\$ 4,347,406</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2016 and 2015.

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 6,527	\$ 7,864
Operating Grants and Contributions	170,066	181,183
General Revenues:		
Property Taxes	1,420,963	1,226,145
Grants and Entitlements	693,750	652,003
Other	<u>827</u>	<u>504</u>
Total Revenues	<u>2,292,133</u>	<u>2,067,699</u>
<u>Program Expenses</u>		
Instruction	378,710	413,300
Support Services:		
Tuition, Pupils and Instructional Staff	1,237,814	1,214,079
General Administration, School Administration, Business Operations and Maintenance of Facilities	256,325	242,472
Pupil Transportation	162,500	136,645
Employee Benefits	253,792	254,451
Food Service	20,402	19,475
Other	<u>135,605</u>	<u>135,605</u>
Total Expenses	<u>2,445,148</u>	<u>2,416,027</u>
Increase/(Decrease) in Net Position	<u>\$ (153,015)</u>	<u>\$ (348,328)</u>

**Governmental Activities**

Over the last two budget cycles, the Board of Education has remained well within the 2% tax cap levy. Property taxes made up 62% of revenues for governmental activities (excluding Capital Projects) for the Washington Township School District for fiscal year 2015-16.

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			
	2016		2015	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 378,710	\$ 338,581	\$ 413,300	\$ 381,226
Support Services:				
Pupils and Instructional Staff	1,237,814	1,235,131	1,214,079	1,212,894
General Administration, School Administration, Business	78,756	78,756	75,383	75,383
Operation and Maintenance of Facilities	177,569	177,569	167,089	167,089
Pupil Transportation	162,500	162,500	136,645	136,645
Employee Benefits	253,792	133,199	254,451	113,569
Other	135,605	135,605	135,605	135,605
Total Expenses	<u>\$ 2,424,746</u>	<u>\$ 2,261,341</u>	<u>\$ 2,396,552</u>	<u>\$ 2,222,411</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 \$2,225,356, and expenditures of \$2,245,505.

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, 2016, 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>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,420,963	63.85%	\$ 194,818	16.14%
State Sources	760,754	34.19%	52,039	7.19%
Federal Sources	41,124	1.85%	9,050	14.84%
Miscellaneous	2,515	0.11%	826	11.93%
<b>Total</b>	<b>\$ 2,225,356</b>	<b>100.00%</b>	<b>\$ 256,733</b>	<b>12.85%</b>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 378,710	16.87%	\$ (34,590)	-7.72%
Undistributed Expenditures	1,847,955	82.30%	112,558	7.54%
Capital Outlay	18,840	0.84%	(3,250)	-26.60%
<b>Total</b>	<b>\$ 2,245,505</b>	<b>100.00%</b>	<b>\$ 74,718</b>	<b>3.84%</b>

**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
- \* Supported additional educational technology purchases and support services

**Capital Assets**

At the end of the fiscal year 2016, the School District had \$3,892,858 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2016 and 2015

	<u>2015</u>	<u>2015</u>
Land	\$ 48,824	\$ 48,824
Building and Improvements	5,028,648	5,028,648
Equipment and Machinery	240,053	240,053
Less: Accumulated Depreciation	<u>(1,424,667)</u>	<u>(1,289,062)</u>
Total	<u>\$ 3,892,858</u>	<u>\$ 4,028,463</u>

**Debt Administration**

At June 30, 2016, the Washington Township Board of Education had \$0 in outstanding bonds and \$13,687 for Compensated Absences.

At June 30, 2016, the School District's overall legal debt margin was \$3,694,979.

**Current Financial Issues and Concerns**

During the 2014-2015 school year, 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. As such, the Washington Township Board of Education has commissioned a feasibility study from Stockton University SRI/ETTC for the purpose of determining the effects of becoming a non-operating district and sending all students (Pre-K through grade 8) to the Mullica Township School District. The study was presented to the board during the 2015-2016 school year.

Washington Township is primarily a residential community, with very few commercial and/or industrial ratables; thus the tax burden is focused primarily on homeowners. The Washington Township Public School District has seen a decrease in enrollment over the past several years. Additionally, the Township has experienced a decrease in ratables. This has created a situation where there are fewer taxpayers responsible for the cost of education in the township. As such, the Board of Education has voted to become a non-operating send/receive school district. The school district tax

levy will be at the minimum tax levy effective with the 2016-2017 school year.

In conclusion, the Washington Township Public School District remains committed to financial excellence. 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.

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 573,519	\$ 5,411	\$ 578,930
Receivables, Net	296,517	948	297,465
Internal Balances	8,451	(8,451)	-
Capital Assets, Net	3,892,858	12,474	3,905,332
<b>Total Assets</b>	<b>4,771,345</b>	<b>10,382</b>	<b>4,781,727</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	51,894	-	51,894
<b>Total Deferred Outflow of Resources</b>	<b>51,894</b>	<b>-</b>	<b>51,894</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>4,823,239</b>	<b>10,382</b>	<b>4,833,621</b>
<b>LIABILITIES</b>			
Accounts Payable	265,594	-	265,594
Unearned Revenue	2,696	-	2,696
Noncurrent Liabilities:			
Due Beyond One Year	303,330	-	303,330
<b>Total Liabilities</b>	<b>571,620</b>	<b>-</b>	<b>571,620</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	50,014	-	50,014
<b>Total Deferred Inflows of Resources</b>	<b>50,014</b>	<b>-</b>	<b>50,014</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>621,634</b>	<b>-</b>	<b>621,634</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,898,255	12,474	3,910,729
Restricted for:			
Capital Projects Fund	9,503	-	9,503
Other Purposes	404,455	-	404,455
Unrestricted	(110,608)	(2,092)	(112,700)
<b>Total Net Position</b>	<b>\$ 4,201,605</b>	<b>\$ 10,382</b>	<b>\$ 4,211,987</b>

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular	\$ 327,184	\$ -	\$ 40,129	\$ (287,055)	\$ -	\$ (287,055)
Special Education	51,526	-	-	(51,526)	-	(51,526)
Support Services:						
Tuition	1,089,208	-	-	(1,089,208)	-	(1,089,208)
Student and Instruction Related Services	148,606	-	2,683	(145,923)	-	(145,923)
General Administration	38,856	-	-	(38,856)	-	(38,856)
School Administrative Services	12,200	-	-	(12,200)	-	(12,200)
Central Services	17,900	-	-	(17,900)	-	(17,900)
Admin. Information Technology	9,800	-	-	(9,800)	-	(9,800)
Plant Operations and Maintenance	177,569	-	-	(177,569)	-	(177,569)
Pupil Transportation	162,500	-	-	(162,500)	-	(162,500)
Employee Benefits	253,792	-	120,593	(133,199)	-	(133,199)
Unallocated Depreciation and Amortization	135,605	-	-	(135,605)	-	(135,605)
<b>Total Government Activities</b>	<b>2,424,746</b>	<b>-</b>	<b>163,405</b>	<b>(2,261,341)</b>	<b>-</b>	<b>(2,261,341)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Food Service	20,402	6,527	6,661	-	(7,214)	(7,214)
<b>Total Business-Type Activities</b>	<b>20,402</b>	<b>6,527</b>	<b>6,661</b>	<b>-</b>	<b>(7,214)</b>	<b>(7,214)</b>
<b>Total Primary Government</b>	<b>\$ 2,445,148</b>	<b>\$ 6,527</b>	<b>\$ 170,066</b>	<b>(2,261,341)</b>	<b>(7,214)</b>	<b>(2,268,555)</b>
<b>GENERAL REVENUES</b>						
Property Taxes Levied for:						
General Purposes				1,420,963	-	1,420,963
Federal and State Aid Not Restricted				693,750	-	693,750
Miscellaneous Income				827	-	827
<b>Total General Revenues</b>				<b>2,115,540</b>	<b>-</b>	<b>2,115,540</b>
<b>Change in Net Position</b>				<b>(145,801)</b>	<b>(7,214)</b>	<b>(153,015)</b>
<b>Net Position, July 1</b>				<b>4,347,406</b>	<b>17,596</b>	<b>4,365,002</b>
<b>Net Position, June 30</b>				<b>\$ 4,201,605</b>	<b>\$ 10,382</b>	<b>\$ 4,211,987</b>

## B. Fund Financial Statements

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## Governmental Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 403,043	\$ -	\$ 9,503	\$ 412,546
Tax Levy Receivable	236,827	-	-	236,827
Due From Other Funds	11,024	-	-	11,024
Intergovernmental Accounts Receivable:				
Federal	-	40,206	-	40,206
State	19,484	-	-	19,484
Restricted Cash	195,910	-	-	195,910
<b>Total Assets</b>	<b>866,288</b>	<b>40,206</b>	<b>9,503</b>	<b>915,997</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>Liabilities:</b>				
Cash Deficit	-	34,937	-	34,937
Accounts Payable	265,594	-	-	265,594
Interfund Payable	-	2,573	-	2,573
Unearned Revenue	-	2,696	-	2,696
<b>Total Liabilities</b>	<b>265,594</b>	<b>40,206</b>	<b>-</b>	<b>305,800</b>
<b>Fund Balances:</b>				
<b>Restricted Fund Balance:</b>				
<b>    Reserved Excess Surplus:</b>				
Designated for Subsequent Year's Expenditures	7,729	-	-	7,729
Reserve for Excess Surplus	191,391	-	-	191,391
Capital Projects	-	-	9,503	9,503
Maintenance Reserve	195,910	-	-	195,910
<b>Assigned Fund Balance:</b>				
Other Purposes - Year-End Encumbrances	8,903	-	-	8,903
Designated for Subsequent Year's Expenditures	522	-	-	522
Unassigned Fund Balance	196,239	-	-	196,239
<b>Total Fund Balances</b>	<b>600,694</b>	<b>-</b>	<b>9,503</b>	<b>610,197</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 866,288</b>	<b>\$ 40,206</b>	<b>\$ 9,503</b>	

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 \$5,317,525 and the accumulated depreciation is \$1,424,667 (See Note 4).	3,892,858
Net deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	1,880
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 7)	(303,330)
Net Position of Governmental Activities	<b>\$ 4,201,605</b>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 1,420,963	\$ -	\$ -	\$ 1,420,963
Miscellaneous Revenues	827	1,688	-	2,515
Total - Local Sources	1,421,790	1,688	-	1,423,478
State Sources	760,754	-	-	760,754
Federal Sources	-	41,124	-	41,124
Total Revenues	2,182,544	42,812	-	2,225,356
Expenditures:				
Current:				
Regular Instruction	287,055	40,129	-	327,184
Special Education Instruction	51,526	-	-	51,526
Support Services and Undistributed Costs:				
Tuition	1,089,208	-	-	1,089,208
Student and Instruction Related Services	145,923	2,683	-	148,606
General Administration	38,856	-	-	38,856
School Administrative Services	12,200	-	-	12,200
Central Services	17,900	-	-	17,900
Administrative Information Technology	9,800	-	-	9,800
Plant Operations and Maintenance	158,729	-	-	158,729
Pupil Transportation	162,500	-	-	162,500
Unallocated Benefits	210,156	-	-	210,156
Capital Outlay	18,840	-	-	18,840
Total Expenditures	2,202,693	42,812	-	2,245,505
Excess/(Deficiency) of Revenues				
Over/Under Expenditures	(20,149)	-	-	(20,149)
Fund Balance - July 1	620,843	-	9,503	630,346
Fund Balance - June 30	\$ 600,694	\$ -	\$ 9,503	\$ 610,197

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 THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (20,149)

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	(135,605)
----------------------	-----------

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

State Share of Unfunded TPAF Pension Expense	\$ 53,589	
Unfunded TPAF Pension Expense	(53,589)	
Pension Expense	(1,423)	(1,423)

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	(13,687)
	Prior Year	25,063
		11,376

Change in Net Position of Governmental Activities \$ (145,801)

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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, 2016**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 5,361
Petty Cash	50
Accounts Receivable:	
State	21
Federal	927
Total - Current Assets	<u>6,359</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	52,071
Less:	
Accumulated Depreciation	<u>(39,597)</u>
Total - Noncurrent Assets	<u>12,474</u>
Total Assets	<u><u>\$ 18,833</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Interfund Payable	<u>\$ 8,451</u>
Total Liabilities	<u>8,451</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	12,474
Unrestricted	<u>(2,092)</u>
Total Net Position	<u><u>\$ 10,382</u></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 THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 6,327
Daily Sales - Non-Reimbursable Programs	<u>200</u>
Total Operating Revenues	<u>6,527</u>
Operating Expenses:	
Salaries	1,187
Purchased Professional / Technical Services	3,191
Depreciation Expense	2,840
Cost of Sales	<u>13,184</u>
Total Operating Expenses	<u>20,402</u>
Operating Loss	<u>(13,875)</u>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	145
Federal Sources:	
National School Lunch Program	4,310
National School Breakfast Program	1,365
Food Distribution Program	<u>841</u>
Total Nonoperating Revenues	<u>6,661</u>
Change in Net Position	(7,214)
Total Net Position - Beginning	<u>17,596</u>
Total Net Position - Ending	<u><u>\$ 10,382</u></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 THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <u>FOOD SERVICE</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 6,527
Payments To Suppliers	<u>(16,721)</u>
Net Cash Used For Operating Activities	<u>(10,194)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	157
Federal Sources	<u>5,941</u>
Net Cash Provided By Noncapital Financing Activities	<u>6,098</u>
Net Decrease in Cash and Cash Equivalents	(4,096)
Balance - Beginning of Year	<u>9,457</u>
Balance - End of Year	<u><u>\$ 5,361</u></u>
Reconciliation of Operating Income/(Loss) To Net Cash Provided/(Used) By Operating Activities:	
Operating Loss	\$ (13,875)
Depreciation	2,840
Donated Commodities Received During the Year	<u>841</u>
Total Adjustments	<u>3,681</u>
Net Cash Used For Operating Activities	<u><u>\$ (10,194)</u></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, 2016**

	PAYROLL
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 1,251</u>
Total Assets	<u><u>1,251</u></u>
<b>LIABILITIES</b>	
Payroll Deductions and Withholdings	<u>1,251</u>
Total Liabilities	<u><u>\$ 1,251</u></u>

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

### Note 1. Summary of Significant Accounting Policies

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

#### **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, 2016 of 36 Students. On April 18, 2016 the Board approved a resolution making the District a non-operating district, effective July 1, 2016. The District will send all of its students to other districts on a tuition basis.

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The District had no component units as of the year ended June 30, 2016.

#### **Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2016

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

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

decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2016

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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.

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2016

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

**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 District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

**Agency Funds** - Agency funds are 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 funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

#### **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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April 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:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

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

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 Exhibit C-2, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

**Cash and 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



**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

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

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.

*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.

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

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

**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 Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**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.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance**

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

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2016

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

#### 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.
- 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.

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2016

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

##### Impact of Recently Issued Accounting Principles

###### Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

###### Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

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

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2016

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

##### Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

##### Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

##### Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of October 25, 2016, which is the date the financial statements were available to be issued.

##### Pensions Section

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Note 2. Cash and Cash Equivalents

##### Cash Deposits

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 GUDPA. 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 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, 2016, the District's bank balance of \$823,650 was exposed to custodial credit risk as follows:

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

**Note 2. Cash and Cash Equivalents (continued):**

**Cash Deposits (continued):**

Insured Under FDIC	\$ 250,000
Uninsured and uncollateralized	6,620
Collateralized in the District's Name Under GUDPA	<u>567,030</u>
Total	<u>\$ 823,650</u>

**Investments**

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

**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 \$195,910 at June 30, 2016.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 3. Maintenance Reserve Account (continued):**

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	122,910
Increased by:		
Deposits in the Current Year		100,000
Decreased by:		
Budgeted Withdrawal in the Current Year		27,000
Ending Balance, June 30, 2016	\$	195,910

**Note 4. Capital Assets**

The following schedule is a summarization of the capital assets by source for the fiscal year ended June 30, 2016:

	June 30, 2015	Additions	Deletions	June 30, 2016
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 48,824	\$ -	\$ -	\$ 48,824
Total capital assets not being depreciated	48,824	-	-	48,824
Site and site improvements	5,028,648	-	-	5,028,648
Machinery and equipment	240,053	-	-	240,053
Subtotal	5,268,701	-	-	5,268,701
Less:				
Accumulated depreciation	(1,289,062)	(135,605)	-	(1,424,667)
Total accumulated depreciation	(1,289,062)	(135,605)	-	(1,424,667)
Total capital assets being depreciated, net	3,979,639	(135,605)	-	3,844,034
Governmental activities capital assets, net	\$ 4,028,463	\$ (135,605)	\$ -	\$ 3,892,858



**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 4. Capital Assets (continued):**

The following schedule is a summary of the proprietary fund type fixed assets at June 30, 2016:

	<b>June 30, 2015</b>	<b>Additions</b>	<b>Transfers/ Adjustments</b>	<b>June 30, 2016</b>
<b>Business-Type Activities:</b>				
Capital assets being depreciated:				
Machinery & Equipment	\$ 52,071	\$ -	\$ -	\$ 52,071
Less: accumulated depreciation:				
Equipment	(36,757)	(2,840)	-	(39,597)
<hr/>				
Business-type activities capital assets, net	\$ 15,314	\$ (2,840)	\$ -	\$ 12,474
<hr/> <hr/>				

**Note 5. Transfers to Capital Outlay**

During the year ending June 30, 2016, the District transferred \$1,884 to capital outlay accounts.

**Note 6. Accounts Receivable**

Accounts receivable at June 30, 2016 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:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Total</b>
Tax Levy Receivable	\$ 236,827	\$ -	\$ -	\$ 236,827
State Aid	19,484	-	21	19,505
Federal Aid	-	40,206	927	41,133
<hr/>				
Total	\$ 256,311	\$ 40,206	\$ 948	\$ 297,465
<hr/> <hr/>				

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 7. Long-Term Obligations**

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term debt:

	<b>June 30, 2015</b>	<b>Retired/ Decreases</b>	<b>June 30, 2016</b>
<b>Governmental Activities:</b>			
Compensated Absences	\$ 25,063	\$ (11,376)	\$ 13,687
Net Pension Liability	295,040	(5,397)	289,643
	<hr/>	<hr/>	<hr/>
Total	\$ 320,103	\$ (16,773)	\$ 303,330
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As of June 30, 2016 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.

**Note 8. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 11,024	\$ -
Special Revenue Fund	-	2,573
Cafeteria Fund	-	8,451
	<hr/>	<hr/>
Total	\$ 11,024	\$ 11,024
	<hr/> <hr/>	<hr/> <hr/>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 1	\$ -
Food Service Fund	-	1
	<hr/>	<hr/>
	\$ 1	\$ 1
	<hr/> <hr/>	<hr/> <hr/>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Three-Year Trend Information for PERS**

<b>Year Funded</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2016	N/A	0%	\$ 289,643
6/30/2015	11,148	100%	295,040
6/30/2014	12,991	100%	281,044

**Components of Pension Liability** - At June 30, 2016, the District reported a liability of \$289,643 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.00129% percent, which was a decrease of 0.00029% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 51,894	\$ 37,376
Deferred Inflows of Resources	\$ 50,014	\$ 17,583
Net Pension Liability	\$ 289,643	\$ 295,040
District's portion of the Plan's total net pension liability	0.00129%	0.00158%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense of \$1,423. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 31,105	\$ -
Net difference between expected and actual experience	6,910	-
Net difference between projected and actual earnings on pension plan investments	-	4,657
Changes in proportion and differences between District contributions and proportionate share of contributions	13,879	45,357
Total	\$ 51,894	\$ 50,014

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	(592)
2018	(592)
2019	(592)
2020	3,804
2021	(148)
Thereafter	-

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 359,991	\$ 289,643	\$ 230,664

B. Teachers' Pension and Annuity Fund (TPAF)

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.



**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 9. Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

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

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 45,661	100%	-
6/30/2015	35,976	100%	-
6/30/2014	38,083	100%	-

**Teachers Pensions and Annuity Fund (TPAF)** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuity Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 9. Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 9. Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**Defined Contribution Retirement Plan (DCRP)** – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$1,782, and the District recognized pension expense of \$972.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

**Note 10. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 11. 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 12. Contingent Liabilities and 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, 2016 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.

**Note 13. 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 14. 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(b). 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 15. 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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016

**Note 15. Compensated Absences (continued):**

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, 2016 is \$13,687.

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, 2016 no liability existed for compensated absences in the proprietary fund types.

**Note 16. 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.

**Note 17. Fund Balance Disclosures**

**General Fund (Exhibit B-1)** – Of the \$600,694 General Fund fund balance at June 30, 2016, \$7,729 is restricted for excess surplus designated for subsequent years expenditures; \$195,910 is restricted for Maintenance Reserve Account; \$522 is assigned as designated for subsequent year's expenditures; \$191,391 is restricted for excess surplus in accordance with *N.J.S.A.18A:7F-7*; \$8,903 is assigned for Other Purposes and \$196,239 is unassigned.

**Note 18. 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, 2016 is \$191,391.

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position for the Governmental Activities in the amount of \$(110,608) at June 30, 2016. The primary causes of this deficit includes the District not recognizing the receivable for the last two state aid payments and the recording

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2016**

**Note 19. Deficit in Net Position (continued):**

of long-term liabilities for compensated absences and net pension liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**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 THE FISCAL YEAR ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	June 30, 2016				VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	10-1210	\$ 1,420,963	\$ -	\$ 1,420,963	\$ 1,420,963	\$ -
Unrestricted Miscellaneous Revenues	10-1XXX	-	-	-	827	827
Total Local Sources		1,420,963	-	1,420,963	1,421,790	827
State Sources:						
School Choice Aid (Other State Aid)	10-3116	71,868	-	71,868	71,868	-
Categorical Transportation Aid	10-3121	84,355	-	84,355	84,355	-
Categorical Special Education	10-3132	51,627	-	51,627	51,627	-
Equalization Aid	10-3176	145,352	-	145,352	145,352	-
Categorical Security Aid	10-3177	9,596	-	9,596	9,596	-
PARCC Readiness Aid	10-3190	960	-	960	960	-
Per Pupil Growth Aid	10-3191	960	-	960	960	-
Adjustment Aid	10-3178	307,356	-	307,356	307,356	-
Extraordinary Aid	10-3131	-	-	-	18,362	18,362
TPAF Pension Contributions (On-Behalf - Non-Budgeted)		-	-	-	20,843	20,843
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	24,818	24,818
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	21,343	21,343
Total State Sources		672,074	-	672,074	757,440	85,366
Total Revenues		2,093,037	-	2,093,037	2,179,230	86,193
<b>EXPENDITURES:</b>						
Current Expense:						
Regular Programs - Instruction:						
Salaries of Teachers:						
Preschool	11-105-100-101	53,840	(23,563)	30,277	26,315	3,962
Preschool/Kindergarten	11-110-100-101	48,513	688	49,201	40,610	8,591
Grades 1-5	11-120-100-101	157,522	8,109	165,631	156,058	9,573
Regular Programs - Undistributed Instruction:						
Purchased Professional - Educational Services	11-190-100-320	56,950	-	56,950	47,000	9,950
Purchased Technical Services	11-190-100-340	5,145	-	5,145	3,000	2,145
Other Purchased Services	11-190-100-500	10,541	-	10,541	6,018	4,523
General Supplies	11-190-100-610	46,950	(4,667)	42,283	8,004	34,279
Textbooks	11-190-100-640	2,000	-	2,000	-	2,000
Other Objects	11-190-100-800	1,200	-	1,200	50	1,150
Total Regular Programs - Instruction		382,661	(19,433)	363,228	287,055	76,173
Special Education - Instruction:						
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	45,603	5,924	51,527	51,526	1
Total Resource Room/Resource Center		45,603	5,924	51,527	51,526	1
Total Special Education - Instruction		45,603	5,924	51,527	51,526	1
Total - Instruction		428,264	(13,509)	414,755	338,581	76,174
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Regular	11-000-100-561	1,057,955	(93,318)	964,637	943,953	20,684
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	15,920	-	15,920	9,552	6,368
Tuition To CSSD and Regional Day Schools	11-000-100-565	78,859	19,102	97,961	85,703	12,258
Total Undist. Expend. - Instruction		1,152,734	(24,216)	1,128,518	1,089,208	39,310

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	June 30, 2016			ACTUAL	VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undist. Expend. - Attendance and Social Work Services:						
Salaries	11-000-211-100	14,427	20	14,447	14,277	170
Purchased Professional and Technical Services	11-000-211-300	1,100	-	1,100	1,100	-
Total Undist. Expend. - Attendance and Social Work Services		15,527	20	15,547	15,377	170
Undist. Expend. - Health Services:						
Salaries	11-000-213-100	36,844	16,941	53,785	53,785	-
Purchased Professional and Technical Services	11-000-213-300	-	105	105	105	-
Other Purchased Services	11-000-213-500	400	(5)	395	-	395
Supplies and Materials	11-000-213-600	1,350	(100)	1,250	818	432
Total Undist. Expend. - Health Services		38,594	16,941	55,535	54,708	827
Undist. Expend. - Speech, OT,PT & Related Services:						
Purchased Professional - Educational Services	11-000-216-320	10,000	900	10,900	9,854	1,046
Total Undist. Expend. - Speech, OT,PT & Related Services		10,000	900	10,900	9,854	1,046
Undist. Expend. - Guidance:						
Salaries of Secretarial and Clerical Assistants	11-000-218-105	13,187	1,140	14,327	12,969	1,358
Other Purchased Professional and Technical Services	11-000-218-390	10,500	-	10,500	10,500	-
Supplies and Materials	11-000-218-600	-	-	-	-	-
Total Undist. Expend. - Guidance		23,687	1,140	24,827	23,469	1,358
Undist. Expend. - Child Study Teams:						
Purchased Professional - Educational Services	11-000-219-320	6,000	-	6,000	5,000	1,000
Other Purchased Professional and Technical Services	11-000-219-390	8,232	-	8,232	8,232	-
Total Undist. Expend. - Child Study Teams		14,232	-	14,232	13,232	1,000
Undist. Expend. - Improvement of Instructional Services:						
Salaries of Secretarial and Clerical Assistants	11-000-221-105	12,427	490	12,917	12,355	562
Purchased Professional - Educational Services	11-000-221-320	15,450	-	15,450	15,450	-
Other Purchased Services (400-500 Series)	11-000-221-500	100	-	100	7	93
Supplies and Materials	11-000-221-600	200	-	200	-	200
Total Undist. Expend. - Improvement of Instructional Services		28,177	490	28,667	27,812	855
Undist. Expend. - Educational Media Services/School Library:						
Other Purchased Services (400-500 Series)	11-000-222-500	-	1,913	1,913	1,471	442
Total Undist. Expend. - Educational Media Services/School Library		-	1,913	1,913	1,471	442
Undist. Expend. - Instructional Staff Training Services:						
Other Purchased Professional and Technical Services	11-000-223-390	350	-	350	-	350
Other Purchased Services (400-500 Series)	11-000-223-500	550	-	550	-	550
Supplies and Materials	11-000-223-600	100	-	100	-	100
Total Undist. Expend. - Instructional Staff Training Services		1,000	-	1,000	-	1,000

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	June 30, 2016			ACTUAL	VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undist. Expend. - Support Services - General Administration:						
Salaries	11-000-230-100	2,040	-	2,040	2,000	40
Legal Services	11-000-230-331	1,000	(600)	400	-	400
Audit Fees	11-000-230-332	14,365	500	14,865	14,750	115
Other Purchased Professional Services	11-000-230-339	15,945	13,125	29,070	13,197	15,873
Communications/Telephone	11-000-230-530	5,900	-	5,900	3,509	2,391
BOE Other Purchased Services	11-000-230-585	500	-	500	75	425
Misc Purchased Services	11-000-230-590	1,500	2,123	3,623	3,332	291
General Supplies	11-000-230-610	400	170	570	310	260
BOE Membership Dues and Fees	11-000-230-895	3,200	(1,043)	2,157	1,683	474
<b>Total Undist. Expend. - Support Services - General Administration</b>		<b>44,850</b>	<b>14,275</b>	<b>59,125</b>	<b>38,856</b>	<b>20,269</b>
Undist. Expend. - Support Services - School Administration:						
Salaries of Secretarial and Clerical Assistants	11-000-240-105	-	240	240	-	240
Purchased Professional and Technical Services	11-000-240-300	12,200	-	12,200	12,200	-
<b>Total Undist. Expend. - Support Services - School Administration</b>		<b>12,200</b>	<b>240</b>	<b>12,440</b>	<b>12,200</b>	<b>240</b>
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	3,145	255	3,400	3,400	-
Supplies and Materials	11-000-251-600	100	-	100	-	100
<b>Total Undist. Expend. Support Services - Central Services</b>		<b>17,745</b>	<b>255</b>	<b>18,000</b>	<b>17,900</b>	<b>100</b>
Undist. Expend. Support Services - Admin. Info. Tech. Services:						
Purchased Technical Services	11-000-252-340	7,751	2,049	9,800	9,800	-
<b>Total Undist. Expend. Support Services - Admin. Info. Tech. Services</b>		<b>7,751</b>	<b>2,049</b>	<b>9,800</b>	<b>9,800</b>	<b>-</b>
Undist. Expend. - Required Maintenance for School Facilities:						
Cleaning, Repair and Maintenance Services	11-000-261-420	30,000	8,838	38,838	28,684	10,154
General Supplies	11-000-261-610	3,000	-	3,000	2,889	111
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>		<b>33,000</b>	<b>8,838</b>	<b>41,838</b>	<b>31,573</b>	<b>10,265</b>
Undist. Expend. - Custodial Services:						
Salaries	11-000-262-100	39,360	3,356	42,716	39,857	2,859
Purchased Professional and Technical Services	11-000-262-300	18,250	500	18,750	14,516	4,234
Cleaning, Repair and Maintenance Services	11-000-262-420	8,000	(1,355)	6,645	2,220	4,425
Insurance	11-000-262-520	12,527	2,186	14,713	14,132	581
General Supplies	11-000-262-610	5,000	-	5,000	3,328	1,672
Energy (Electricity)	11-000-262-622	50,000	-	50,000	42,750	7,250
Energy (Oil)	11-000-262-624	35,000	(581)	34,419	9,545	24,874
Other Objects	11-000-262-800	200	-	200	166	34
<b>Total Undist. Expend. - Custodial Services</b>		<b>168,337</b>	<b>4,106</b>	<b>172,443</b>	<b>126,514</b>	<b>45,929</b>
Undist. Expend. - Care & Upkeep of Grounds:						
Purchased Professional and Technical Services	11-000-263-300	1,000	-	1,000	388	612
General Supplies	11-000-263-610	1,500	45	1,545	254	1,291
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds:</b>		<b>2,500</b>	<b>45</b>	<b>2,545</b>	<b>642</b>	<b>1,903</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. of Plant</b>		<b>203,837</b>	<b>12,989</b>	<b>216,826</b>	<b>158,729</b>	<b>58,097</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	June 30, 2016			ACTUAL	VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undist. Expend. - Security:						
Purchased Professional and Technical Services	11-000-266-300	600	-	600	-	600
General Supplies	11-000-266-610	2,000	-	2,000	-	2,000
Total Undist. Expend. - Security:		2,600	-	2,600	-	2,600
Undist. Expend. - Student Transportation Services:						
Management Fee - ESC Transportation Program	11-000-270-350	5,010	437	5,447	5,447	-
Other Purchased Professional and Technical Services	11-000-270-390	6,000	-	6,000	6,000	-
Contracted Services - Aid in Lieu Payments - NonPub Sch	11-000-270-503	2,652	(2,652)	-	-	-
Contracted Services (Other Than Bet. Home & School) - Ven	11-000-270-512	1,400	1,892	3,292	2,880	412
Contracted Services (Bet. Home & School) - Joint Agreement	11-000-270-513	115,940	(8,939)	107,001	107,001	-
Contracted Services (Special Ed. Students) - ESCs & CTSAs	11-000-270-518	21,425	19,748	41,173	41,172	1
Miscellaneous Purchased Services - Transportation	11-000-270-593	1,000	(1,000)	-	-	-
Total Undist. Expend. - Student Transportation Services		153,427	9,486	162,913	162,500	413
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	24,864	(8,860)	16,004	11,778	4,226
Other Retirement Contributions - PERS	11-000-291-241	12,557	11,593	24,150	11,148	13,002
Unemployment Compensation	11-000-291-250	3,971	-	3,971	181	3,790
Workmen's Compensation	11-000-291-260	9,073	(187)	8,886	8,885	1
Health Benefits	11-000-291-270	141,639	(71)	141,568	90,353	51,215
Other Employee Benefits	11-000-291-290	1,310	19,583	20,893	20,807	86
Total Unallocated Benefits - Employee Benefits		193,414	22,058	215,472	143,152	72,320
On-Behalf Contributions:						
TPAF Pension Contributions (On-Behalf - Non-Budgeted)		-	-	-	20,843	(20,843)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	24,818	(24,818)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	21,343	(21,343)
Total On-Behalf Contributions		-	-	-	67,004	(67,004)
Total Personal Services - Employee Benefits		193,414	22,058	215,472	210,156	5,316
Total Undistributed Expenditures		1,919,775	58,540	1,978,315	1,845,272	133,043
Total Expenditures - Current Expense		2,348,039	45,031	2,393,070	2,183,853	209,217
CAPITAL OUTLAY						
Undistributed Exp. - Non-Instructional Services						
Non-Instructional Services	12-000-300-730	3,000	-	3,000	-	3,000
Total Undistributed Exp. - Non-Instructional Services		3,000	-	3,000	-	3,000

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ACCOUNT NUMBERS	June 30, 2016				VARIANCE FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Facilities Acquisition and Construction Services: Assessment for Debt Service on SDA Funding	12-000-400-896	18,840	1,884	20,724	18,840	1,884
Total Facilities Acquisition and Construction Services		18,840	1,884	20,724	18,840	1,884
Total Capital Outlay		21,840	1,884	23,724	18,840	4,884
Total Expenditures		2,369,879	46,915	2,416,794	2,202,693	214,101
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(276,842)	(46,915)	(323,757)	(23,463)	300,294
Fund Balances, July 1		677,918	-	677,918	677,918	-
Fund Balances, June 30		\$ 401,076	\$ (46,915)	\$ 354,161	\$ 654,455	\$ 300,294

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 46,915
Total	\$ 46,915
Restricted Fund Balance:	
Reserved Excess Surplus:	
Designated for Subsequent Year's Expenditures	\$ 7,729
Reserve for Excess Surplus	191,391
Maintenance Reserve	195,910
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	522
Year-End Encumbrances	8,903
Unassigned Fund Balance	250,000
	654,455
Reconciliation To Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	(53,761)
Fund Balance per Governmental Funds (GAAP)	\$ 600,694

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources	\$ -	\$ 2,120	\$ 2,120	\$ 1,688	\$ (432)
Federal Sources	17,502	47,578	65,080	45,766	(19,314)
<b>Total Revenues</b>	<b>17,502</b>	<b>49,698</b>	<b>67,200</b>	<b>47,454</b>	<b>(19,746)</b>
Expenditures:					
Instruction:					
Salaries	-	30,632	30,632	17,251	13,381
Purchased Services	-	896	896	-	896
Tuition	17,502	9,318	26,820	26,820	-
General Supplies	-	921	921	700	221
<b>Total Instruction</b>	<b>17,502</b>	<b>41,767</b>	<b>59,269</b>	<b>44,771</b>	<b>14,498</b>
Support Services:					
Personal Services - Employee Benefits	-	995	995	995	-
Professional & Technical Services	-	4,616	4,616	-	4,616
Supplies and Materials	-	2,320	2,320	1,688	632
<b>Total Support Services</b>	<b>-</b>	<b>7,931</b>	<b>7,931</b>	<b>2,683</b>	<b>5,248</b>
<b>Total Expenditures</b>	<b>17,502</b>	<b>49,698</b>	<b>67,200</b>	<b>47,454</b>	<b>19,746</b>
<b>Total Outflows</b>	<b>17,502</b>	<b>49,698</b>	<b>67,200</b>	<b>47,454</b>	<b>19,746</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	GENERAL FUND	SPECIAL REVENUE FUND
<b>SOURCES/INFLOWS OF RESOURCES</b>		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 2,179,230	\$ 47,454
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	-	(4,642)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	57,075	-
Less: Current year state aid payment not recognized for GAAP purposes until subsequent year	<u>(53,761)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 2,182,544</u>	<u>\$ 42,812</u>
<b>USES/OUTFLOWS OF RESOURCES</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	<u>\$ 2,202,693</u>	<u>\$ 47,454</u>
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>(4,642)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 2,202,693</u>	<u>\$ 42,812</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)**

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00129%	0.00158%	0.00147%
District's proportionate share of the net pension liability (asset)	\$ 289,643	\$ 295,040	\$ 281,044
District's covered-employee payroll	\$ 92,230	\$ 77,788	\$ 89,007
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	314.04%	379.29%	315.75%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	N/A	\$ 11,148	\$ 12,991
Contributions in relation to the contractually required contribution	<u>N/A</u>	<u>11,148</u>	<u>12,991</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 92,230	\$ 77,788	\$ 89,007
Contributions as a percentage of covered-employee payroll	0.00%	14.33%	14.60%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' PENSION AND ANNUITY FUND**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00257%	0.00341%	0.00586%
District's proportionate share of the net pension liability (asset)	\$ 1,625,477	\$ 1,822,623	\$ 2,960,572
District's covered-employee payroll	\$ 280,814	\$ 272,465	\$ 264,280
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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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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WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	I.D.E.A.					TOTALS
	PART B		TITLE I		REAP PROGRAM	
<u>Revenues</u>	BASIC	PRESCHOOL	PART A	2015-2016	GRANT	
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 1,688	\$ 1,688
Federal Sources	26,820	700	12,957	5,289	-	45,766
<b>Total Revenues</b>	<b>\$ 26,820</b>	<b>\$ 700</b>	<b>\$ 12,957</b>	<b>\$ 5,289</b>	<b>\$ 1,688</b>	<b>\$ 47,454</b>
<u>Expenditures</u>						
Instruction:						
Salaries	\$ -	\$ -	\$ 11,962	\$ 5,289	\$ -	\$ 17,251
Other Purchased Services	26,820	-	-	-	-	26,820
General Supplies	-	700	-	-	-	700
<b>Total Instruction</b>	<b>26,820</b>	<b>700</b>	<b>11,962</b>	<b>5,289</b>	<b>-</b>	<b>44,771</b>
Support Services:						
Personal Services - Employee Benefits	-	-	995	-	-	995
Supplies and Materials	-	-	-	-	1,688	1,688
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>995</b>	<b>-</b>	<b>1,688</b>	<b>2,683</b>
<b>Total Expenditures</b>	<b>\$ 26,820</b>	<b>\$ 700</b>	<b>\$ 12,957</b>	<b>\$ 5,289</b>	<b>\$ 1,688</b>	<b>\$ 47,454</b>

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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 THE FISCAL YEAR ENDED JUNE 30, 2016**

PROJECT TITLE/ISSUE	DATE	ORIGINAL APPROPRIATIONS	PRIOR YEARS	UNEXPENDED BALANCE
Green Bank Elementary School	09/2004	\$ 5,478,646	\$ 5,469,143	\$ 9,503
		<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><u>\$ 9,503</u></u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	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
<b>Total Revenues</b>	<b>5,441,825</b>	<b>5,441,825</b>	<b>5,478,646</b>
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
<b>Total Expenditures</b>	<b>5,432,322</b>	<b>5,432,322</b>	<b>5,478,646</b>
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	\$ 5,437,115
Additional Authorized Cost	\$ 41,531
Revised Authorized Cost	\$ 5,478,646

## Percentage Completion

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, 2016**

	PAYROLL FUND
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,251
Total Assets	<u>1,251</u>
<b>LIABILITIES</b>	
Payroll Deductions and Withholdings	<u>1,251</u>
Total Liabilities	<u>\$ 1,251</u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,587	\$ 483,270	\$ 488,606	\$ 1,251
Total Assets	<u>\$ 6,587</u>	<u>\$ 483,270</u>	<u>\$ 488,606</u>	<u>\$ 1,251</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 6,587	\$ 483,270	\$ 488,606	\$ 1,251
Total Liabilities	<u>\$ 6,587</u>	<u>\$ 483,270</u>	<u>\$ 488,606</u>	<u>\$ 1,251</u>

I. Long-Term Debt

Not Applicable

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**STATISTICAL SECTION (Unaudited)**

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Government Activities:</b>										
Net Investment in Capital Assets	\$ 6,048,208	\$ 5,910,045	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,414,192	\$ 4,277,744	\$ 4,160,818	\$ 4,028,463	\$ 3,898,255
Restricted	131,338	115,726	270,676	155,928	538,797	620,295	615,617	642,441	436,899	413,958
Unrestricted	82,277	189,836	136,452	218,861	169,884	161,040	174,614	168,950	(117,956)	(110,608)
<b>Total Government Activities Net Position</b>	<b>\$ 6,261,823</b>	<b>\$ 6,215,607</b>	<b>\$ 6,179,010</b>	<b>\$ 6,085,580</b>	<b>\$ 5,288,148</b>	<b>\$ 5,195,527</b>	<b>\$ 5,067,975</b>	<b>\$ 4,972,209</b>	<b>\$ 4,347,406</b>	<b>\$ 4,201,605</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 347	\$ -	\$ -	\$ -	\$ -	\$ 25,727	\$ 22,254	\$ 18,784	\$ 15,314	\$ 12,474
Unrestricted	38,900	39,102	31,584	28,329	18,937	13,444	5,748	3,381	2,282	(2,092)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 39,247</b>	<b>\$ 39,102</b>	<b>\$ 31,584</b>	<b>\$ 28,329</b>	<b>\$ 18,937</b>	<b>\$ 39,171</b>	<b>\$ 28,002</b>	<b>\$ 22,165</b>	<b>\$ 17,596</b>	<b>\$ 10,382</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 6,048,555	\$ 5,910,045	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,439,919	\$ 4,299,998	\$ 4,179,602	\$ 4,043,777	\$ 3,910,729
Restricted	131,338	115,726	270,676	155,928	538,797	620,295	615,617	642,441	436,899	413,958
Unrestricted	121,177	228,938	168,036	247,190	188,820	174,483	180,362	172,331	(115,674)	(112,700)
<b>Total District Net Position</b>	<b>\$ 6,301,070</b>	<b>\$ 6,254,709</b>	<b>\$ 6,210,594</b>	<b>\$ 6,113,909</b>	<b>\$ 5,307,084</b>	<b>\$ 5,234,697</b>	<b>\$ 5,095,977</b>	<b>\$ 4,994,374</b>	<b>\$ 4,365,002</b>	<b>\$ 4,211,987</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ (643,111)	\$ (610,989)	\$ (645,342)	\$ (926,382)	\$ (746,967)	\$ (579,860)	\$ (379,457)	\$ (405,073)	\$ (368,645)	\$ (327,184)
Special Education	(90,439)	(96,761)	(56,458)	(101,220)	(84,480)	(80,134)	(60,563)	(42,698)	(44,655)	(51,526)
Other Special Education	(43,728)	-	-	-	-	-	-	-	-	-
Other Instruction	(2,446)	(1,900)	(1,900)	(2,500)	(116)	-	-	-	-	-
Support Services:										
Tuition	(490,254)	(396,834)	(372,413)	(326,930)	(403,290)	(618,533)	(731,892)	(836,390)	(1,069,536)	(1,089,208)
Student and Instruction Related Services	(190,148)	(181,883)	(272,677)	(218,479)	(224,392)	(221,701)	(159,873)	(131,753)	(144,543)	(148,606)
General & Business Administrative Services	(121,171)	(75,094)	(79,960)	(70,743)	(50,798)	(36,988)	(36,275)	(35,332)	(34,307)	(38,856)
School Administrative Services	(18,614)	(14,816)	(15,423)	(17,095)	(16,975)	(12,904)	(12,450)	(12,280)	(12,200)	(12,200)
Central Services	-	-	-	(24,232)	(25,893)	(18,857)	(17,476)	(17,024)	(17,991)	(17,900)
Administrative Information Technology	-	-	-	(9,384)	(5,624)	(5,736)	(5,966)	(10,704)	(10,885)	(9,800)
Plant Operations and Maintenance	(149,970)	(149,851)	(145,563)	(199,954)	(208,868)	(196,642)	(159,905)	(166,925)	(167,089)	(177,569)
Pupil Transportation	(167,414)	(203,792)	(192,356)	(179,991)	(31,840)	(161,226)	(159,443)	(136,001)	(136,645)	(162,500)
Employee Benefits	(380,069)	(354,937)	(265,569)	-	-	-	(222,188)	(163,123)	(254,451)	(253,792)
Charter Schools	(9,557)	-	-	-	-	-	-	-	-	-
Cancellation of Account Receivable	-	(36,821)	-	-	-	-	-	-	-	-
Unallocated Increase in Compensated Absences	(4,165)	(296)	(11,587)	-	-	-	-	-	-	-
Unallocated Depreciation and Amortization	(188,194)	(138,163)	(138,163)	(140,793)	(144,285)	(138,308)	(136,448)	(136,448)	(135,605)	(135,605)
<b>Total Governmental Activities Expenses</b>	<b>(2,499,280)</b>	<b>(2,262,137)</b>	<b>(2,197,411)</b>	<b>(2,217,703)</b>	<b>(1,943,528)</b>	<b>(2,070,888)</b>	<b>(2,081,936)</b>	<b>(2,093,751)</b>	<b>(2,396,552)</b>	<b>(2,424,746)</b>
Business-Type Activities:										
Food Service	(52,436)	(44,577)	(61,418)	(47,470)	(26,610)	(26,587)	(22,773)	(18,447)	(19,475)	(20,402)
<b>Total Business-Type Activities Expenses</b>	<b>(52,436)</b>	<b>(44,577)</b>	<b>(61,418)</b>	<b>(47,470)</b>	<b>(26,610)</b>	<b>(26,587)</b>	<b>(22,773)</b>	<b>(18,447)</b>	<b>(19,475)</b>	<b>(20,402)</b>
<b>Total District Expenses</b>	<b>(2,551,716)</b>	<b>(2,306,714)</b>	<b>(2,258,829)</b>	<b>(2,265,174)</b>	<b>(1,970,138)</b>	<b>(2,097,475)</b>	<b>(2,104,709)</b>	<b>(2,112,198)</b>	<b>(2,416,027)</b>	<b>(2,445,148)</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 83,419	\$ 68,041	\$ 118,714	\$ 94,923	\$ 91,260	\$ 91,260	\$ 220,218	\$ 203,340	\$ 174,141	\$ 163,405
<b>Total Governmental Activities Program Revenues</b>	<b>83,419</b>	<b>68,041</b>	<b>118,714</b>	<b>94,923</b>	<b>91,260</b>	<b>91,260</b>	<b>220,218</b>	<b>203,340</b>	<b>174,141</b>	<b>163,405</b>
Business-Type Activities:										
Charges for Services:										
Food Service	18,096	20,916	18,820	15,240	7,851	9,643	4,108	5,188	7,864	6,527
Operating Grants and Contributions	11,079	13,111	18,956	18,975	9,367	7,978	7,497	7,422	7,042	6,661
<b>Total Business-Type Activities Program Revenues</b>	<b>29,175</b>	<b>34,027</b>	<b>37,776</b>	<b>34,216</b>	<b>17,218</b>	<b>17,621</b>	<b>11,604</b>	<b>12,610</b>	<b>14,906</b>	<b>13,188</b>
<b>Total District Program Revenues</b>	<b>\$ 112,594</b>	<b>\$ 102,068</b>	<b>\$ 156,490</b>	<b>\$ 129,139</b>	<b>\$ 108,478</b>	<b>\$ 108,881</b>	<b>\$ 231,822</b>	<b>\$ 215,950</b>	<b>\$ 189,047</b>	<b>\$ 176,593</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,415,861)	\$ (2,194,096)	\$ (2,078,697)	\$ (2,122,780)	\$ (1,852,268)	\$ (1,979,628)	\$ (1,861,718)	\$ (1,890,411)	\$ (2,222,411)	\$ (2,261,341)
Business-Type Activities	(23,261)	(10,550)	(23,642)	(13,255)	(9,393)	(8,966)	(11,169)	(5,837)	(4,569)	(7,214)
<b>Total District-wide Net (Expense)/Revenue</b>	<b>\$ (2,439,122)</b>	<b>\$ (2,204,646)</b>	<b>\$ (2,102,339)</b>	<b>\$ (2,136,035)</b>	<b>\$ (1,861,661)</b>	<b>\$ (1,988,595)</b>	<b>\$ (1,872,887)</b>	<b>\$ (1,896,248)</b>	<b>\$ (2,226,980)</b>	<b>\$ (2,268,555)</b>
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,237,811	\$ 1,257,077	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765	\$ 1,226,145	\$ 1,420,963
State Aid - Unrestricted	857,850	880,436	798,113	779,879	687,835	736,218	546,356	580,956	652,003	693,750
Revaluation of Fixed Assets	-	-	-	-	-	-	-	-	-	-
Local Source Revenue - Capital Projects	22,131	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	325	1,861	79	-	-	-	-
Miscellaneous Income	15,794	20,708	2,910	15,169	22,524	8,539	44	6,924	504	827
Transfers	(28,134)	(10,341)	(16,000)	(15,100)	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>2,105,452</b>	<b>2,147,880</b>	<b>2,042,100</b>	<b>2,029,351</b>	<b>2,137,963</b>	<b>1,913,975</b>	<b>1,734,166</b>	<b>1,794,645</b>	<b>1,878,652</b>	<b>2,115,540</b>
Business-Type Activities:										
Miscellaneous Income	-	64	124	-	-	-	-	-	-	-
Transfers	28,134	10,341	16,000	10,000	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>28,134</b>	<b>10,405</b>	<b>16,124</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-wide</b>	<b>\$ 2,133,586</b>	<b>\$ 2,158,285</b>	<b>\$ 2,058,224</b>	<b>\$ 2,039,351</b>	<b>\$ 2,137,963</b>	<b>\$ 1,913,975</b>	<b>\$ 1,734,166</b>	<b>\$ 1,794,645</b>	<b>\$ 1,878,652</b>	<b>\$ 2,115,540</b>
Changes in Net Position:										
Governmental Activities	\$ (310,409)	\$ (46,216)	\$ (36,597)	\$ (93,430)	\$ 285,695	\$ (65,654)	\$ (127,552)	\$ (95,766)	\$ (343,759)	\$ (145,801)
Business-Type Activities	4,873	(145)	(7,518)	(3,255)	(9,393)	(8,966)	(11,169)	(5,837)	(4,569)	(7,214)
<b>Total District</b>	<b>\$ (305,536)</b>	<b>\$ (46,361)</b>	<b>\$ (44,115)</b>	<b>\$ (96,685)</b>	<b>\$ 276,303</b>	<b>\$ (74,620)</b>	<b>\$ (138,721)</b>	<b>\$ (101,603)</b>	<b>\$ (348,328)</b>	<b>\$ (153,015)</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund:</b>										
Reserved	\$ 24,900	\$ 26,834	\$ 180,924	\$ 143,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	76,026	203,681	162,200	239,560	-	-	-	-	-	-
Restricted	-	-	-	-	310,331	532,060	466,957	371,794	279,974	395,030
Assigned	-	-	-	-	218,964	78,733	139,157	261,144	147,422	9,425
Unassigned	-	-	-	-	188,087	180,272	194,753	190,069	193,447	196,239
<b>Total General Fund</b>	<b>\$ 100,926</b>	<b>\$ 230,515</b>	<b>\$ 343,124</b>	<b>\$ 383,370</b>	<b>\$ 717,381</b>	<b>\$ 791,064</b>	<b>\$ 800,867</b>	<b>\$ 823,007</b>	<b>\$ 620,843</b>	<b>\$ 600,694</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 126,257	\$ 89,436	\$ 62,944	\$ 2,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(19)	(544)	-	-	-	-	-	-	-	-
Capital Projects Fund	316	316	26,808	9,503	-	-	-	-	-	-
Restricted for:										
Capital Projects	-	-	-	-	9,503	9,503	9,503	9,503	9,503	9,503
<b>Total All Other Governmental Funds</b>	<b>\$ 126,554</b>	<b>\$ 89,208</b>	<b>\$ 89,752</b>	<b>\$ 12,118</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Tax Levy	\$ 1,237,811	\$ 1,257,077	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765	\$ 1,226,145	\$ 1,420,963
Miscellaneous	15,794	20,708	2,910	15,494	24,386	8,618	44	6,924	504	827
Local Sources	31,088	14,456	81,244	-	-	-	2,391	-	1,185	1,688
Tuition	22,131	-	-	-	-	-	-	-	-	-
State Sources	868,161	890,990	798,206	807,377	732,695	762,156	731,747	723,310	708,715	760,754
Federal Sources	42,020	43,031	37,377	67,425	46,400	65,322	32,437	60,986	32,074	41,124
<b>Total Revenues</b>	<b>2,217,005</b>	<b>2,226,262</b>	<b>2,176,814</b>	<b>2,139,374</b>	<b>2,229,223</b>	<b>2,005,235</b>	<b>1,954,384</b>	<b>1,997,985</b>	<b>1,968,623</b>	<b>2,225,356</b>
<b>Expenditures:</b>										
Instruction:										
Regular	643,111	610,989	645,342	729,917	569,096	440,748	379,457	405,073	368,645	327,184
Special Education	90,439	96,761	56,458	81,879	65,277	63,867	60,563	42,698	44,655	51,526
Other Special	43,728	-	-	-	-	-	-	-	-	-
Other	2,446	1,900	1,900	2,500	116	-	-	-	-	-
Support Services and Undistributed Costs:										
Tuition	490,254	396,834	372,413	326,930	403,290	618,533	731,892	836,390	1,069,536	1,089,208
Student and Instruction Related Services	190,148	181,883	272,677	196,019	192,489	186,779	159,873	131,753	144,543	148,606
General & Business Administration Services	18,614	14,816	15,423	67,330	36,530	50,482	36,275	35,332	34,307	38,856
School Administrative Services	88,696	44,989	49,410	17,095	16,975	12,904	12,450	12,280	12,200	12,200
Central Services	32,475	30,105	30,550	24,232	25,893	18,857	17,476	17,024	17,991	17,900
Administrative Information Technology	-	-	-	9,384	5,624	5,736	5,966	10,704	10,885	9,800
Plant Operations and Maintenance	149,970	149,851	145,563	162,290	147,732	160,949	147,687	167,607	148,249	158,729
Pupil Transportation	167,414	203,792	192,356	179,991	123,100	137,193	159,443	136,001	136,645	162,500
Unallocated Benefits	380,069	354,937	265,569	284,393	277,615	240,552	221,282	162,143	161,041	210,156
Charter Schools	9,557	-	-	-	-	-	-	-	-	-
Capital Outlay	1,281,997	-	-	79,702	20,138	8,903	12,218	18,840	22,090	18,840
<b>Total Expenditures</b>	<b>3,588,918</b>	<b>2,086,857</b>	<b>2,047,661</b>	<b>2,161,662</b>	<b>1,897,827</b>	<b>1,931,551</b>	<b>1,944,582</b>	<b>1,975,845</b>	<b>2,170,787</b>	<b>2,245,505</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,371,913)	139,405	129,153	(22,288)	331,396	73,683	9,803	22,140	(202,164)	(20,149)
Other Financing Sources/(Uses):										
Transfers Out	(28,134)	(10,341)	(16,000)	(15,100)	-	-	-	-	-	-
Cancellation of Accounts Receivable	-	(36,821)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(28,134)</b>	<b>(47,162)</b>	<b>(16,000)</b>	<b>(15,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,400,047)</b>	<b>\$ 92,243</b>	<b>\$ 113,153</b>	<b>\$ (37,388)</b>	<b>\$ 331,396</b>	<b>\$ 73,683</b>	<b>\$ 9,803</b>	<b>\$ 22,140</b>	<b>\$ (202,164)</b>	<b>\$ (20,149)</b>
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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Donations	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Investments	14,042	8,412	1,347	839	1,861	79	-	-	-	-
Miscellaneous	1,752	12,296	651	-	1,522	974	44	6,924	504	827
	\$ 15,794	\$ 20,708	\$ 1,998	\$ 839	\$ 21,383	\$ 1,053	\$ 44	\$ 6,924	\$ 504	\$ 827

Source: District records



**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

YEAR ENDING DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG	QFARM	COMMERCIAL	INDUSTRIAL
2007	\$ 4,798,600	91,834,900	8,594,300	1,654,400	15,103,400	2,399,900
2008	4,741,300	91,802,600	9,194,300	1,654,300	15,103,400	2,399,900
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	3,948,700	92,291,200	8,906,600	1,657,100	14,853,400	2,099,400
2011	3,946,600	91,157,600	9,206,600	1,651,300	14,903,400	2,099,400
2012	3,949,100	90,844,400	9,346,500	1,653,600	14,903,400	2,099,400
2013	4,035,200	89,246,300	9,679,500	1,653,600	14,903,400	2,099,400
2014	3,331,200	68,504,600	8,059,400	1,692,400	12,580,400	1,715,000
2015	3,293,700	68,814,800	7,989,000	1,692,400	12,580,400	1,715,000
2016	3,453,300	68,521,600	7,989,000	1,692,400	12,580,400	1,715,000

	APARTMENT	TOTAL ASSESSED ACTUAL	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED A (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2007	-	124,385,500	435,790	124,821,290	134,731,903	0.732
2008	-	124,895,800	485,647	124,242,047	115,749,472	0.734
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	-	123,756,400	389,398	123,354,298	106,747,802	0.819
2011	-	122,964,900	383,325	123,348,225	103,219,301	0.820
2012	-	122,796,400	359,973	123,156,373	107,770,651	0.819
2013	-	121,617,400	259,541	121,876,941	96,996,621	1.126
2014	-	95,883,000	259,541	96,142,541	96,996,621	1.126
2015	-	96,085,300	265,655	96,350,955	97,297,599	1.231
2016	-	95,951,700	100	95,951,800	93,224,871	1.342

Source: Municipal Tax Assessor

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

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

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies  
b Tax rates are per \$100

\* Reassessed

**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	TOTAL DIRECT SCHOOL TAX RATE	TOWNSHIP OF WASHINGTON	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2007	0.742	0.742	N/A	0.313	0.029	0.036	1.120	
2008	0.732	0.732	N/A	0.343	0.032	0.043	1.150	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	0.734	0.734	N/A	0.289	0.028	0.038	1.089	
2011	0.819	0.819	N/A	0.266	0.026	0.034	1.145	
2012	0.820	0.820	N/A	0.259	0.026	0.034	1.139	
2013	0.819	0.819	N/A	0.294	0.027	0.013	1.153	
2014	1.126	1.126	N/A	0.336	0.031	0.016	1.509	
2015	1.231	1.231	N/A	0.345	0.032	0.400	1.648	
2016	1.342	1.342	N/A	0.327	0.031	0.039	1.739	

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)**

	2016			2007		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Stormy Hill Incorporated, Wm. Haines	\$ 4,883,000	1	5.09%			
M & T Family Holdings, LLC	4,140,500	2	4.32%			
Wading Pines Camping Resort, Inc.	3,935,000	3	4.10%			
Lippincott & Worth, Inc.	1,709,600	4	1.78%			
Haines, Ralph & William	1,286,900	5	1.34%			
Walter, Daniel J. & Rose Marie	1,094,000	6	1.14%			
Pacemaker Properties, LTD	1,015,000	7	1.06%			
Haines, Holly	929,100	8	0.97%			
Black Leopard, LLC	800,000	9	0.83%			
Vision Properties, Lower Bk Part	799,000	10	0.83%			
<b>Total</b>	<b>\$ 20,592,100</b>		<b>\$ 21.46%</b>	<b>\$</b>		<b>\$</b>

**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 <sup>a</sup>		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
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%	-
2015	1,226,145	1,226,145	100.00%	-
2016	1,420,963	1,420,963	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		
	GENERAL OBLIGATION BONDS <sup>b</sup>	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	ANTICIPATION NOTES (BAN)	CAPITAL LEASES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME <sup>a</sup>	PER CAPITA <sup>a</sup>	
2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

**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			PERCENTAGE OF ACTUAL TAXABLE VALUE <sup>a</sup> OF PROPERTY	PER CAPITA <sup>b</sup>
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2007	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A

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, 2016  
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE <sup>a</sup>	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.

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	FISCAL YEAR		
	2007	2008	2009
Debt Limit	\$ 2,879,447	\$ 3,319,600	\$ 3,660,326
Legal Debt Margin	\$ 2,879,447	\$ 3,319,600	\$ 3,660,326
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2012	2013	2014
	\$ 4,236,503	\$ 4,236,503	\$ 4,106,488
Debt Limit	\$ 4,236,503	\$ 4,236,503	\$ 4,106,488
Legal Debt Margin	\$ 4,236,503	\$ 4,236,503	\$ 4,106,488
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2015	2016	
	\$ 4,023,519	\$ 3,694,979	
Debt Limit	\$ 4,023,519	\$ 3,694,979	
Legal Debt Margin	\$ 4,023,519	\$ 3,694,979	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2010	2011	
	\$ 4,833,630	\$ 4,599,117	
Debt Limit	\$ 4,833,630	\$ 4,599,117	
Legal Debt Margin	\$ 4,833,630	\$ 4,599,117	
Equalized Valuation Basis	2016	2015	2014
	\$ 89,348,922	\$ 92,213,311	\$ 95,561,201
(A)	\$ 277,123,434		
(A/3)	\$ 92,374,478		
(B)	\$ 3,694,979 <sup>a</sup>		
(C)	-		
(B-C)	\$ 3,694,979		

Sources: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation; School District records

<sup>a</sup> Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.



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

YEAR	POPULATION <sup>a</sup>	PERSONAL INCOME <sup>b</sup>	PER CAPITA PERSONAL INCOME <sup>c</sup>	UNEMPLOYMENT RATE <sup>d</sup>
2007	643	29,698,884	46,188	8.00%
2008	646	30,889,136	47,816	13.20%
2009	649	30,924,201	47,649	14.10%
2010	685	32,912,195	48,047	13.80%
2011	687	34,319,085	49,955	14.30%
2012	683	N/A	51,390	8.60%
2013	683	35,369,155	51,785	1.60%
2014	674	36,225,478	53,747	5.70%
2015	674	N/A	N/A	7.60%
2016	N/A	N/A	N/A	N/A

Source:

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income provided by the NJ Department of Labor and Workforce Development.

<sup>d</sup> 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	2016			2007		
	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	
			<b>DATA NOT AVAILABLE</b>			
<b>Total</b>						

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	11.20	10.40	10.80	8.80	7.60	6.40	3.93	4.47	4.47	4.47
Special Education	2.00	2.00	1.00	1.00	1.00	2.70	0.68	0.68	0.68	0.68
Support Services:										
Student and Instruction Related Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.96	1.00	1.00
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	-	-	-
Food Service	1.50	1.00	1.40	1.40	1.00	-	-	-	-	-
<b>Total</b>	<b>18.70</b>	<b>17.40</b>	<b>16.20</b>	<b>14.20</b>	<b>13.60</b>	<b>12.10</b>	<b>8.61</b>	<b>8.11</b>	<b>8.15</b>	<b>8.15</b>

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES <sup>a</sup>	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF <sup>b</sup>	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) <sup>c</sup>	AVERAGE DAILY ATTENDANCE (ADA) <sup>d</sup>	PERCENTAGE CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2007	71	2,306,921	32,492	33.67%	13.0	5.4:1	79.00	75.00	-28.18%	94.94%
2008	73	2,018,816	27,655	-14.89%	14.0	5.4:1	70.00	67.00	-11.39%	95.71%
2009	81	1,928,947	23,814	-13.89%	10.8	7.5:1	69.00	65.00	-1.43%	94.20%
2010	68	2,003,061	29,457	23.69%	10.2	6.7:1	81.20	76.30	17.68%	93.97%
2011	90	2,283,081	25,368	-13.88%	9.6	6.4:1	90.00	88.50	10.84%	98.33%
2012	80	1,890,594	23,632	-6.84%	8.0	10:1	45.40	42.90	-49.56%	94.49%
2013	100	1,932,364	19,324	-17.72%	5.0	7.3:1	36.70	34.40	-19.16%	93.73%
2014	102	1,957,005	19,186	-0.71%	5.0	6.2:1	31.20	30.00	-14.99%	96.15%
2015	104	2,115,438	20,341	6.02%	5.0	6.2:1	39.88	37.94	27.82%	95.14%
2016	100	2,183,853	21,839	7.36%	5.5	6.5:1	36.00	34.60	-9.73%	96.11%

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>DISTRICT BUILDINGS</b>										
Green Bank School (2006)	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321
Square Feet	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>
Capacity (Students)	70	73	81	70	60	45	37	31	42	36
Enrollment PK-8										

**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> PROJECT # (S)	<u>GREEN BANK ELEMENTARY SCHOOL</u>	<u>TOTAL</u>
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
2015	N/A	16,828	16,828
2016	N/A	<u>31,573</u>	<u>31,573</u>
Total School Facilities		<u>\$ 151,787</u>	<u>\$ 151,787</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, 2016  
(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	10,000	N/A
Employee Benefits Liability	6,000,000	1,000
Automobile	6,000,000	-
Sexual Abuse Liability	6,000,000	N/A
School Board Legal Liability	5,000,000	5,000
Boiler and Machinery	100,000,000	1,000
Student Accident:		
Basic/Sports K-8	5,000,000	-
Catastrophic K-8	1,000,000	-
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  
Green Bank, New Jersey 08215

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, 2016, and the related notes to the financial statements, which collectively comprise Washington Township School District’s basic financial statements, and have issued our report thereon dated October 25, 2016.

**Internal Control Over Financial Reporting**

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

Freehold, New Jersey  
October 25, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Washington Township School District  
County of Burlington  
Green Bank, New Jersey 08215

**Report on Compliance for Each Major State Program**

We have audited Washington Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2016. 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 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and the New Jersey OMB’s Circular 15-08 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 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 Washington Township School District's compliance.

### **Opinion on Each Major State Program**

In our opinion, 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, 2016.

### **Report on Internal Control Over Compliance**

Management of 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 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 the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 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 the Uniform Guidance and New Jersey OMB's Circular 15-08. 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

Freehold, New Jersey  
October 25, 2016

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WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED JUNE 30, 2016

FEDERAL GRANTEE PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	BALANCE AT JUNE 30, 2016	
					FROM	TO					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Agriculture:												
Passed-Through State Department of Education:												
Enterprise Fund:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	16161NJ304N1099	N/A	\$ 4,310	07/01/2015	06/30/2016	\$ -	3,688	\$ (4,310)	\$ -	\$ (622)	\$ -
National School Lunch Program	10.555	15151NJ304N1099	N/A	4,386	07/01/2014	06/30/2015	(875)	875	-	-	-	-
Subtotal							(875)	4,563	(4,310)	-	(622)	-
School Breakfast Program	10.553	16161NJ304N1099	N/A	1,365	07/01/2015	06/30/2016	-	1,060	(1,365)	-	(305)	-
School Breakfast Program	10.553	15151NJ304N1099	N/A	1,298	07/01/2014	06/30/2015	(281)	281	-	-	-	-
Subtotal							(281)	1,341	(1,365)	-	(305)	-
Health Hunger-Free Kids Act	10.551	15151NJ304N1099	N/A	197	07/01/2014	06/30/2015	(37)	37	-	-	-	-
Total Child Nutrition Cluster							(1,193)	5,941	(5,675)	-	(927)	-
Noncash Assistance:												
Food Distribution Program	10.550	16161NJ304N1099	N/A	841	07/01/2015	06/30/2016	-	841	(841)	-	-	-
Total U.S. Department of Agriculture							(1,193)	6,782	(6,516)	-	(927)	-
U.S. Department of Education:												
Passed-Through State Department of Education:												
Special Revenue Fund:												
Title I Part A	84.01	S010A150030	NCLB549014	14,000	07/1/2015	06/30/2016	-	-	(12,957)	-	(12,957)	-
Title I Part A	84.01	S010A140030	NCLB549014	716	09/01/2014	06/30/2015	(413)	-	-	-	(413)	-
Subtotal							(413)	-	(12,957)	-	(13,370)	-
Title II - Part A	84.367A	S367A140029	NCLB549015	2,936	09/01/2014	06/30/2015	(767)	767	-	-	-	-
Special Education Cluster												
I.D.E.A. Part B, Basic	84.027	S027A150100	IDEA549015	26,820	07/1/2015	06/30/2016	-	2	(26,820)	-	(26,818)	-
I.D.E.A. Part B, Basic	84.027	S027A140100	IDEA549014	25,003	07/1/2014	06/30/2015	(3,962)	3,962	-	-	-	-
Subtotal							(3,962)	3,964	(26,820)	-	(26,818)	-
I.D.E.A. Part B, Preschool	84.173	S173A150114	IDEA549015	1,817	07/1/2015	06/30/2016	-	-	(700)	-	(700)	-
Total Special Education Cluster							(3,962)	3,964	(27,520)	-	(27,518)	-
Rural Education Achievement Program	84.358A	S358A150030	N/A	17,537	07/01/2014	09/30/2016	-	1,330	(5,289)	-	(3,959)	-
Total U.S. Department of Education							(5,142)	6,061	(45,766)	-	(44,847)	-
Total Federal Financial Awards							\$ (6,335)	\$ 12,843	\$ (52,282)	\$ -	\$ (45,774)	\$ -

The Accompanying Notes to Schedule of Expenditures of State Financial Assistance are an Integral Part of this Schedule.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	MEMO		
			FROM	TO						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education												
General Fund:												
State Aid Cluster:												
Equalization Aid	16-495-034-5120-078	\$ 145,352	07/01/2015	06/30/2016	\$ -	\$ 145,352	\$ (145,352)	\$ -	\$ -	\$ 11,627	\$ 145,352	
School Choice Aid	16-495-034-5120-068	71,868	07/01/2015	06/30/2016	-	71,868	(71,868)	-	-	5,749	71,868	
Special Education Aid	16-495-034-5120-089	51,627	07/01/2015	06/30/2016	-	51,627	(51,627)	-	-	4,130	51,627	
Security Aid	16-495-034-5120-084	9,596	07/01/2015	06/30/2016	-	9,596	(9,596)	-	-	767	9,596	
PARCC Readiness Aid	16-495-034-5120-098	960	07/01/2015	06/30/2016	-	960	(960)	-	-	77	960	
Per Pupil Growth Aid	16-495-034-5120-097	960	07/01/2015	06/30/2016	-	960	(960)	-	-	77	960	
Adjustment Aid	16-495-034-5120-085	307,356	07/01/2015	06/30/2016	-	307,356	(307,356)	-	-	24,586	307,356	
Total State Aid Cluster												
Transportation Aid	16-495-034-5120-014	84,355	07/01/2015	06/30/2016	-	84,355	(84,355)	-	-	6,748	84,355	
Extraordinary Aid	16-100-034-5120-473	18,362	07/01/2015	06/30/2016	-	-	(18,362)	(18,362)	-	-	18,362	
Reimbursement of Nonpublic Transportation	15-495-034-5120-014	522	07/01/2014	06/30/2015	(522)	522	-	-	-	-	-	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	16-495-034-5094-003	21,343	07/01/2015	06/30/2016	-	20,221	(21,343)	(1,122)	-	-	21,343	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	15-495-034-5094-003	20,736	07/01/2014	06/30/2015	(1,124)	1,124	-	-	-	-	-	
Subtotal					(1,124)	21,345	(21,343)	(1,122)	-	-	21,343	
Noncash Assistance:												
On-Behalf TPAF Pension Contributions (Non-Budgeted)	16-495-034-5095-001	20,843	07/01/2015	06/30/2016	-	20,843	(20,843)	-	-	-	20,843	
On-Behalf TPAF Post Retirement Medical (Non-Budgeted)	16-495-034-5095-001	24,818	07/01/2015	06/30/2016	-	24,818	(24,818)	-	-	-	24,818	
Total General Fund												
					(1,646)	739,602	(757,440)	(19,484)	-	53,761	757,440	
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	16-100-010-3360-067	145	07/01/2015	06/30/2016	-	124	(145)	(21)	-	-	21	
National School Lunch Program (State Share)	15-100-010-3360-067	155	07/01/2014	06/30/2015	(33)	33	-	-	-	-	-	
Total Enterprise Fund												
					(33)	157	(145)	(21)	-	-	21	
Total State Financial Assistance												
					(1,679)	739,759	(757,585)	(19,505)	-	53,761	757,461	
Less: Grants Not Subject to Major Program Determination:												
On-Behalf TPAF Contributions	16-495-034-5095-001						45,661					
Total State Financial Assistance subject to Major Program Determination												
							(711,924)					

The Accompanying Notes to Schedule of Expenditures of State Financial Assistance are an Integral Part of this Schedule.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2016**

**Note 1. General**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal awards and 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 Federal and State awards received directly from State agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of the U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the Schedules of Expenditures of Federal Awards and State Financial Assistance, the Washington Township School District did not provide any state awards to sub recipients.

Noncash assistance is reported in the Schedule of Expenditures of State Financial Assistance as the entitlement value, as determined by the State of New Jersey, of the On-Behalf payments made by the State for Pensions and Post-Retirement Medical Contributions during the year ended June 30, 2016.

Noncash assistance is reported in the Schedule of Expenditures of Federal Awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016.

The Washington Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

**Note 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.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2016**

**Note 3. Relationship to Basic Financial Statements (continued):**

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes, the payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last two state aid payments 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 \$3,314 for the general fund and \$(4,642) 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. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

	<b>State</b>	<b>Federal</b>	<b>Total</b>
General Fund	\$ 760,754	\$ -	\$ 760,754
Special Revenue Fund	-	41,124	41,124
Food Service Fund	145	6,516	6,661
Total Financial Assistance	<u>\$ 760,899</u>	<u>\$ 47,640</u>	<u>\$ 808,539</u>

**Note 4. Relationship to State Financial Reports**

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

**Note 5. Other**

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, 2016 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, 2016.

**Note 6. Federal and State Loans Outstanding**

The Washington Township School District had no loan balances outstanding at June 30, 2016.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**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?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

**Federal Awards – NOT APPLICABLE**

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

Internal Control over major programs:

- 1) Material weakness(es) identified?
- 2) Significant deficiencies identified that are not considered to be material weaknesses?

Type of auditor’s report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?

**Identification of major programs:**

<b>CFDA Number(s)</b>	<b>FAIN Number(s)</b>	<b>Name of Federal Program or Cluster</b>
		Not Applicable

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results (continued):**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
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 2 CFR 200 Section .516(a) of the Uniform Guidance or New Jersey OMB Circular Letter 15-08?	No

**Identification of major programs:**

<b>State Grant/Project Number(s)</b>	<b>Name of State Program</b>
	State Aid-Public Cluster:
495-034-5120-068	School Choice Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-089	Categorical Special Education Aid
495-034-5120-097	Per Pupil Aid
495-034-5120-098	PARCC Readiness Aid

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

**Section III – Schedule of Federal Awards Finding & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Not Applicable

**Section IV – State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular Letter 15-08, as applicable.

No Current Year Findings

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (.511 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings