

**SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP**

**Washington Township School District
Long Valley, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Washington Township School District

Long Valley, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Washington Township School District
Business Office**

WASHINGTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal.....	1
Organizational Chart.....	4
Roster of Officials.....	5
Consultants and Advisors	6

FINANCIAL SECTION 7

Independent Auditors' Report	8
------------------------------------	---

Required Supplementary Information	11
Management's Discussion and Analysis (Unaudited).....	12

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements	22
A-1 Statement of Net Position.....	23
A-2 Statement of Activities	24

B. Fund Financial Statements	26
B-1 Balance Sheet – Governmental Funds.....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
B-4 Statement of Net Position – Proprietary Funds	33
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds.....	34
B-6 Statement of Cash Flows – Proprietary Funds	35
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	36
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	37

Notes to Basic Financial Statements.....	38
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Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	69
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	69
L-2 Schedule of District Contributions – Public Employees Retirement System.....	70
L-3 Schedule of State's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund.....	71
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	72
Notes to Required Supplementary Information.....	73

C. Budgetary Comparison Schedules (Unaudited).....	74
C-1 Budgetary Comparison Schedule – General Fund	75
C-2 Budgetary Comparison Schedule – Special Revenue Fund	86
C-3 Required Supplementary Information – Budget Comparison Schedule – Note to RSI.....	87

WASHINGTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable)	88
E. Special Revenue Fund.....	89
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	90
E-2 Preschool Education Aid Budgetary Basis (Not Applicable)	
F. Capital Projects Fund	91
F-1 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	92
F-1a Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Construction of Cucinella School and Renovations to Other Schools – Budgetary Basis	93
F-1b Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Long Valley Middle School Mechanical Project – Budgetary Basis	94
F-1c Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Old Farmers Road School Mechanical Project - Budgetary Basis.....	95
F-1d Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Security Projects All Schools - Budgetary Basis.....	96
F-1e Schedule of Project Revenue, Expenditures, Project Balance and Project Status - HVAC Project Flocktown Road School - Budgetary Basis	97
F-1f Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Roof Replacement Old Farmer’s Road School - Budgetary Basis.....	98
F-1g Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Air Conditioning Project Old Farmer’s Road School - Budgetary Basis.....	99
G. Proprietary Funds.....	100
Enterprise Fund	
G-1 Statement of Net Position.....	101
G-2 Statement of Revenue, Expenses and Changes in Net Position	102
G-3 Statement of Cash Flows	103
Internal Service Funds	
G-4 Combining Statement of Net Position.....	104
G-5 Combining Statement of Revenue, Expenses and Changes in Net Position	105
G-6 Combining Statement of Cash Flows	106
H. Fiduciary Funds.....	107
H-1 Combining Statement of Net Position.....	108
H-2 Statement of Changes in Net Position.....	109
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	110
H-4 Student Activity Agency Fund Statement of Activity.....	111
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	112
I. Long-Term Debt.....	113
I-1 Schedule of Serial Bonds.....	114
I-2 Schedule of Obligations Under Capital Leases	115
I-3 Debt Service Fund Budgetary Comparison Schedule	116

WASHINGTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

STATISTICAL SECTION (Unaudited)

J.	Statistical Schedules.....	117
J-1	Net Position by Component.....	118
J-2	Changes in Net Position	119
J-3	Fund Balances – Governmental Funds.....	121
J-4	Changes in Fund Balances – Governmental Funds.....	122
J-5	General Fund Other Local Revenue by Source.....	124
J-6	Assessed Value and Actual Value of Taxable Property	125
J-7	Direct and Overlapping Property Tax Rates.....	126
J-8	Principal Property Tax Payers.....	127
J-9	Property Tax Levies and Collections	128
J-10	Ratios of Outstanding Debt by Type.....	129
J-11	Ratios of Net General Bonded Debt Outstanding	130
J-12	Ratios of Overlapping Governmental Activities Debt	131
J-13	Legal Debt Margin Information	132
J-14	Demographic and Economic Statistics.....	133
J-15	Principal Employers	134
J-16	Full-Time Equivalent District Employees by Function/Program.....	135
J-17	Operating Statistics.....	136
J-18	School Building Information.....	137
J-19	Schedule of Required Maintenance for School Facilities	138
J-20	Insurance Schedule.....	139
SINGLE AUDIT SECTION		140
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	141
K-2	Independent Auditor’s Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance	143
	Schedule of Federal Awards.....	145
	Schedule of State Awards	146
	Notes to the Schedules of Federal and State Awards.....	147
	Schedule of Findings and Questioned Costs	149
	Summary Schedule of Prior Audit Findings	151

INTRODUCTORY SECTION

Washington Township Board of Education

53 West Mill Road, Long Valley, NJ 07853

Phone: 908-876-4172

Fax: 908-876-9392

Jeffrey S. Mohre
Superintendent

Liz George, CPA
Business Administrator

Richard C. Papera
Assistant Superintendent

November 4, 2016

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Washington Township School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Washington Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and fiscal capacity, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are 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 Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Washington Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2015-16 fiscal year with an enrollment of 2,197 students, which is a decrease of 99 students from the previous year's enrollment.

The Honorable President and Members of
 the Board of Education
 Washington Township School District
 Page 2
 November 4, 2016

The District anticipates enrollment to decline slightly for the next 2 years after which enrollment is projected to stabilize. Students in grades K thru 5 are served in 3 neighborhood schools with students in grades 6 thru 8 are served in the centrally located middle school. While the first school was built in 1949 and the last in 2006 the District takes great pride in maintaining all buildings to meet the educational needs of the student population.

2) ECONOMIC CONDITION AND OUTLOOK: The Washington Township area is situated approximately 90 minutes west of New York City. The Township represents a blend of historic, farming and bucolic elements that make the area highly attractive from a quality of life perspective. Its citizens are highly supportive of the schools and very involved in the abundance of activities offered by community organizations. The Township is primarily residential with a very small commercial center and limited commercial activities. This is not expected to change. A large amount of undeveloped property has been placed in the farmland preservation program. It is not anticipated that there will be major fluctuations in the tax base.

The District has appropriate facilities to meet the educational and support needs of its student population, therefore there are currently no plans for expansion or renovation of our schools. As the student population has declined the District has been able to enhance programs offered to students in district facilities, reducing reliance on tuition based services and stabilizing costs. The District continues to utilize financing for major equipment purchases in the areas of technology and transportation due to the current interest environment but will re-evaluate should current financial markets change.

3) MAJOR INITIATIVES: The Washington Township schools offers a diverse and challenging curriculum that goes beyond the New Jersey Core Curriculum Content standards however equally important is the emphasis placed on socio-emotional needs, character and respectfulness. Each of the District schools seeks to offer an environment that is free from bullying and rich with experiences that nurture the whole child. The District continues its focus on enhancing technology for both staff and students. Network infrastructure upgrades have been completed as well as updates to mobile technology district wide. The District places great emphasis on the maintenance of school buildings and has recently completed a facility assessment in order to determine future capital projects for inclusion in the District's Long Range Facility Plan.

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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted by the

The Honorable President and Members of
the Board of Education
Washington Township School District
Page 3
November 4, 2016

Board of Education, after initial approval by the New Jersey State Department of Education and holding a public hearing for the local taxpayers, for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. All budget amendments are approved as necessary by the Board of Education.

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2016.

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

7) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

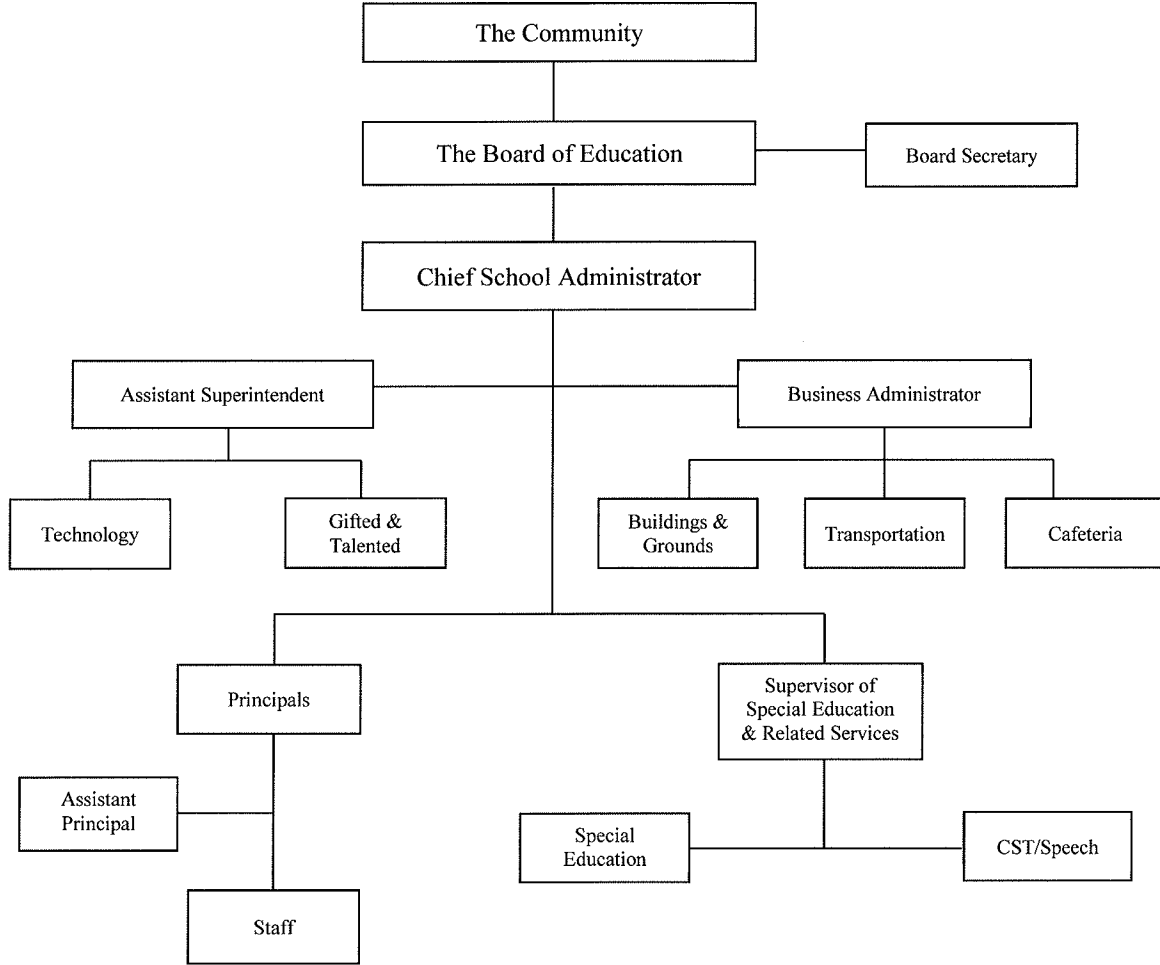
Jeffrey S. Mohre

Jeffrey S. Mohre
Superintendent

Elizabeth George

Elizabeth George, CPA
Business Administrator/Board Secretary

Washington Township School District
Long Valley, New Jersey 07853



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cathleen Compoli, President	2016
Kathleen Koop, Vice President	2016
Kristin Gallagher	2018
Chance Healy	2017
Michelle Munley	2017
Perry Kwok	2018
Kevin Daly	2016
Michael St. Jacques	2018
Al DiGabriele	2017

Other OfficersTitle

Jeffrey S. Mohre	Superintendent of Schools
Elizabeth George, CPA	Board Secretary/School Business Administrator
Kevin Lifer	Treasurer of School Monies

WASHINGTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

and

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Fogarty & Hara
21-00 Route 208 South, Suite 301
Fair Lawn, NJ 07410

Official Depository

Valley National Bank
342 Route 46 West
Budd Lake, NJ 07828

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District (the "District") in the County of Morris, 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.

Auditors' 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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

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 Board of Education of the Washington Township School District, in the County of Morris, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 3


The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 4, 2016
Mount Arlington, New Jersey


NISIVOCCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis (Unaudited)

This section of Washington Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 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.

Financial Highlights

- In total, net position increased \$288,488 or 1.42%. Net position of governmental activities increased \$309,129 while net position of business-type activities decreased by \$20,641.
- Revenues totaled \$54,294,171 for this fiscal year.
- The District had \$53,427,052 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$578,631.
- Enrollment in the District has decreased slightly but the cost per pupil remains relatively stable.
- Administrative costs remain below the northern region average as calculated by the New Jersey State Department of Education.
- The District continued to pay down its debt by retiring \$1,095,000 of outstanding bonds.

Overview of the Financial Statements

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

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

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

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

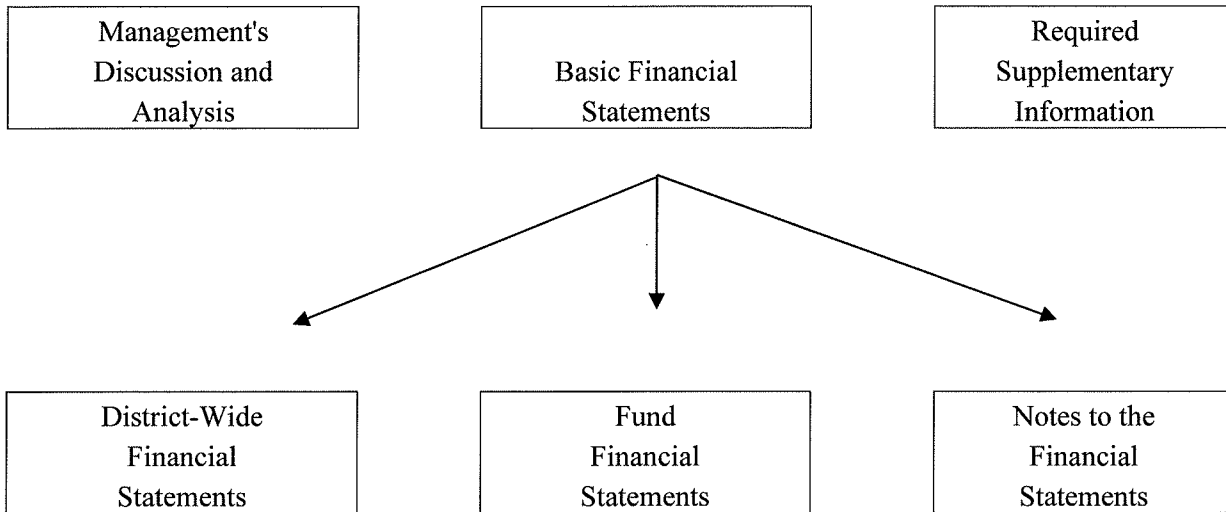


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, transportation services and health benefits	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, deferred inflows and outflows and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements: The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

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

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

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Assets:							
Current and							
Other Assets	\$ 4,837,876	\$ 3,994,537	\$ (107,242)	\$ (76,379)	\$ 4,730,634	\$ 3,918,158	-17.17%
Capital Assets, Net	45,282,144	44,951,560	94,955	80,434	45,377,099	45,031,994	-0.76%
Total Assets	<u>50,120,020</u>	<u>48,946,097</u>	<u>(12,287)</u>	<u>4,055</u>	<u>50,107,733</u>	<u>48,950,152</u>	-2.31%
Deferred Outflows of Resources	<u>1,232,880</u>	<u>3,523,892</u>			<u>1,232,880</u>	<u>3,523,892</u>	185.83%
Liabilities:							
Long-Term Liabilities							
Outstanding	27,031,316	29,496,767			27,031,316	29,496,767	9.12%
Other Liabilities	<u>3,060,654</u>	<u>1,959,247</u>	<u>28,074</u>	<u>65,057</u>	<u>3,088,728</u>	<u>2,024,304</u>	-34.46%
Total Liabilities	<u>30,091,970</u>	<u>31,456,014</u>	<u>28,074</u>	<u>65,057</u>	<u>30,120,044</u>	<u>31,521,071</u>	4.65%
Deferred Inflows of Resources	<u>913,686</u>	<u>357,602</u>			<u>913,686</u>	<u>1,271,288</u>	39.14%
Net Position:							
Net Investment in							
Capital Assets	32,929,331	33,572,340	94,955	80,434	33,024,286	33,652,774	1.90%
Restricted	2,289,164	1,240,224			2,289,164	1,240,224	-45.82%
Unrestricted/(Deficit)	<u>(14,871,251)</u>	<u>(14,156,191)</u>	<u>(135,316)</u>	<u>(141,436)</u>	<u>(15,006,567)</u>	<u>(14,297,627)</u>	4.72%
Total Net Position	<u>\$ 20,347,244</u>	<u>\$ 20,656,373</u>	<u>\$ (40,361)</u>	<u>\$ (61,002)</u>	<u>\$ 20,306,883</u>	<u>\$ 20,595,371</u>	1.42%

Changes in Net Position. The District's *combined* net position was \$20,595,371 on June 30, 2016, \$288,488 or 1.42% more than it was the year before. (See Figure A-3). The depreciation factored into the net position of the District's governmental activities as a decrease is \$1,181,737. The net position of the business-type activities decreased \$20,641 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,101,469	\$ 1,303,236	\$ 483,787	\$ 453,066	\$ 1,585,256	\$ 1,756,302	10.79%
Operating Grants and Contributions	17,282,809	19,075,209	103,599	104,924	17,386,408	19,180,133	10.32%
General Revenue:							
Property Taxes	32,609,614	33,022,999			32,609,614	33,022,999	1.27%
Federal and State Aid Not Restricted	1,077,663	112,689			1,077,663	112,689	-89.54%
Other	197,541	222,048			197,541	222,048	12.41%
Total Revenue	52,269,096	53,736,181	587,386	557,990	52,856,482	54,294,171	2.72%
Expenses:							
Instruction	28,971,413	30,541,312			28,971,413	30,541,312	5.42%
Pupil and Instruction Services	9,359,821	9,768,257			9,359,821	9,768,257	4.36%
Administrative and Business	3,681,533	3,541,033			3,681,533	3,541,033	-3.82%
Maintenance and Operations	4,265,266	4,419,113			4,265,266	4,419,113	3.61%
Transportation	4,958,457	4,683,483			4,958,457	4,683,483	-5.55%
Other	562,162	473,854	590,276	578,631	1,152,438	1,052,485	-8.67%
Total Expenses	51,798,652	53,427,052	590,276	578,631	52,388,928	54,005,683	3.09%
Transfers	(75,000)		75,000				
Increase/(Decrease) in Net Position	\$ 395,444	\$ 309,129	\$ 72,110	\$ (20,641)	\$ 467,554	\$ 288,488	38.30%

Revenue Sources. The District's total revenue for the 2015-16 school year was \$54,294,171. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$33,022,999 of the total, or 60.82 percent. (See Figure A-5). Another 35.33 percent came from operating grants and contributions the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers.

Figure A-5
Sources of Revenue for Fiscal Year 2016

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	\$ 19,180,133	35.33%
Property Taxes	33,022,999	60.82%
Charges for Services	1,756,302	3.23%
Federal and State Aid not Restricted	112,689	0.21%
Other	222,048	0.41%
	\$ 54,294,171	100.00%

The total cost of all programs and services was \$54,005,683. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (83.31 percent). (See Figure A-6). The District's administrative and business activities accounted for 6.56 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2016

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 30,541,312	56.55%
Pupil and Instruction Services	9,768,257	18.09%
Administrative and Business	3,541,033	6.56%
Maintenance and Operations	4,419,113	8.18%
Transportation	4,683,483	8.67%
Other	1,052,485	1.95%
	<u>\$ 54,005,683</u>	<u>100.00%</u>

Governmental Activities

The financial position of the District decreased primarily as a result of the ongoing capital projects which have not yet been completed. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils places great demands on the District's resources.

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

- Increased use of federal funds for tuition and related service costs.
- Increased emphasis on safety initiatives resulted in significant dividends received from the District's workers' compensation insurance pool due to positive prior claim experience and past pool net position.
- Implementation of employee contributions to offset increasing health benefit premium costs.
- Energy and process reviews in the area of custodial operations to determine cost saving potential were completed.

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

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

Figure A-7
Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014/15</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2015/16</u>
Sources of Income:				
Instruction	\$ 28,971,413	\$ 30,541,312	\$ 15,016,466	\$15,397,142
Pupil and Instruction Services	9,359,821	9,768,257	7,531,748	7,594,592
Administrative and Business	3,681,533	3,541,033	3,005,499	2,714,022
Maintenance and Operations	4,265,266	4,419,113	3,739,658	3,785,668
Transportation	4,958,457	4,683,483	3,558,841	3,083,329
Other	562,162	473,854	562,162	473,854
	<u>\$ 51,798,652</u>	<u>\$ 53,427,052</u>	<u>\$ 33,414,374</u>	<u>\$ 33,048,607</u>

- The cost of all governmental activities this year was \$53.43 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$19.29 million).
- Most of the District's costs however, were financed by District taxpayers (\$33.02 million).

Business-Type Activities

Net position from the District's business-type activity decreased by \$20,641. (Refer to Figure A-4). Factors contributing to this result were:

- Expenses exceeded revenue in the food service fund \$20,641.

Financial Analysis of the District's Funds

The District's financial position increased slightly as a result of significant changes in the student clientele and continued challenges from economic conditions as well as state and federal mandates. Expenditures related to special needs children have increased due to additional students requiring related services and material needs and the intensity as to which those services and materials are required to serve the individualized needs of the students. Salaries of staff have been increased by prior year negotiated agreements. A slight state aid increase offset by a lower ratable increase, as well as the debt service requirement for the 2004 bond issue and the aforementioned required increase in expenditures enabled the District to maintain a stable tax rate for 2016. The ability to manage the budget to generate fund balance and to have increased ratables is essential since there is not a guaranteed future state aid increase.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in student-based needs for related services and other educational services resulting from individualized educational plans.
- Realignment of salary lines as a result of implementing the recently settled labor agreements with certified staff.

Capital Assets and Long-Term Liabilities Administration

At year end the District had capital assets of \$44.99 million dollars, net of depreciation. The decrease of \$378,065 was attributable to additional depreciation recorded during the year. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements)

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Land	\$ 1,024,701	\$ 1,024,701			\$ 1,024,701	\$ 1,024,701	0.00%
Construction in Progress	6,442,170	6,782,614			6,442,170	6,782,614	5.28%
Site Improvements, Buildings and Building Improvements Furniture, Machinery and Equipment	37,815,273	37,144,245	\$ 94,955	\$ 47,474	37,910,228	37,191,719	-1.90%
	<u>\$ 45,282,144</u>	<u>\$ 44,951,560</u>	<u>\$ 94,955</u>	<u>\$ 47,474</u>	<u>\$ 45,377,099</u>	<u>\$ 44,999,034</u>	-0.83%

Long-term Liabilities

At year-end, the District had \$9,885,000 in general obligation bonds outstanding – a reduction of \$1,095,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-9
Outstanding Long-Term Liabilities

	<u>Total School District</u>		Percentage Change
	<u>2014/15</u>	<u>2015/16</u>	
Serial Bonds Payable	\$ 10,980,000	\$ 9,885,000	-9.97%
Unamortized Bond Premium	595,073	528,955	-11.11%
Capital Leases Payable	1,372,813	1,690,346	23.13%
Net Pension Liability	13,266,303	15,993,364	20.56%
Compensated Absences Payable	<u>1,412,200</u>	<u>1,399,102</u>	-0.93%
	<u>\$ 27,626,389</u>	<u>\$ 29,496,767</u>	6.77%

- The District continued to pay down its debt, retiring \$1,095,000 of outstanding bonds.
- The District continued to pay down its existing leases, retiring \$725,989 of outstanding capital leases.
- The District entered into capital leases for buses and computer equipment of \$1,023,191.
- The District had an increase in its net pension liability of \$2,727,061.

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

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

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities. In addition, the limitation of unassigned fund balance to 2% of expenditures reduces the District's ability to respond to emergent conditions and limits the use of fund balance in future budgets.
- Continued discussions at the state level on revisions to the State Aid Formula could impact the apportionment of the budget between state and local sources. Coupled with the District's decline in enrollment and the stagnant tax base, there could be increased pressure to increase the local tax rate at the expense of cutting services.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 85,645		\$ 85,645
Cash with Fiscal Agents	2,095		2,095
Receivables from State Government	2,514,621	\$ 252	2,514,873
Receivables from Other Governments	57,991	3,800	61,791
Other Receivables	82,264	17,815	100,079
Internal Balances	111,610	(111,610)	
Inventory		13,364	13,364
Restricted Cash and Cash Equivalents	1,140,311		1,140,311
Capital Assets:			
Sites (Land) and Construction in Progress	7,807,315		7,807,315
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	37,144,245	80,434	37,224,679
Total Assets	<u>48,946,097</u>	<u>4,055</u>	<u>48,950,152</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	725,081		725,081
Changes in Assumptions - Pensions	1,717,560		1,717,560
Difference between Expected and Actual Experience - Pension	381,545		381,545
Changes in Proportion - Pension	61,891		61,891
District Contribution Subsequent to the Measurement Date - Pensions	637,815		637,815
Total Deferred Outflows of Resources	<u>3,523,892</u>		<u>3,523,892</u>
LIABILITIES			
Accounts Payable	877,443	40,330	917,773
Accounts Payable - Cash Deficit	996,159		996,159
Unearned Revenue	85,645	24,727	110,372
Noncurrent Liabilities:			
Due Within One Year	1,911,193		1,911,193
Due Beyond One Year	27,585,574		27,585,574
Total Liabilities	<u>31,456,014</u>	<u>65,057</u>	<u>31,521,071</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	257,143		257,143
Changes in Proportions - Pensions	100,459		100,459
Total Deferred Inflows of Resources	<u>357,602</u>		<u>357,602</u>
NET POSITION			
Net Investment in Capital Assets	33,572,340	80,434	33,652,774
Restricted for:			
Capital Projects	1,240,224		1,240,224
Unrestricted/(Deficit)	(14,156,191)	(141,436)	(14,297,627)
Total Net Position	<u>\$ 20,656,373</u>	<u>\$ (61,002)</u>	<u>\$ 20,595,371</u>

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

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

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 19,823,737		\$ 10,633,645	\$ (9,190,092)		\$ (9,190,092)
Special Education	8,659,630		4,026,722	(4,632,908)		(4,632,908)
Other Special Instruction	1,704,964		403,950	(1,301,014)		(1,301,014)
School Sponsored/Other Instruction	352,981		79,853	(273,128)		(273,128)
Support Services:						
Tuition	1,089,551		534,765	(554,786)		(554,786)
Student & Instruction Related Services	8,678,706		1,638,900	(7,039,806)		(7,039,806)
General Administrative Services	899,002		128,436	(770,566)		(770,566)
School Administrative Services	1,814,291		522,194	(1,292,097)		(1,292,097)
Central Services	781,993		176,381	(605,612)		(605,612)
Administrative Information Technology	45,747			(45,747)		(45,747)
Plant Operations and Maintenance	4,419,113		633,445	(3,785,668)		(3,785,668)
Pupil Transportation	4,683,483	\$ 1,303,236	296,918	(3,083,329)		(3,083,329)
Interest on Long-Term Debt	402,967			(402,967)		(402,967)
Transfer to Charter School	70,887			(70,887)		(70,887)
Total Governmental Activities	53,427,052	1,303,236	19,075,209	(33,048,607)	\$ -0-	(33,048,607)
Business-Type Activities:						
Food Service	578,631	453,066	104,924		(20,641)	(20,641)
Total Business-Type Activities	578,631	453,066	104,924		(20,641)	(20,641)
Total Primary Government	\$ 54,005,683	\$ 1,756,302	\$ 19,180,133	\$ (33,048,607)	\$ (20,641)	\$ (33,069,248)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 31,549,550		\$ 31,549,550
Taxes Levied for Debt Service	1,473,449		1,473,449
Federal and State Aid not Restricted	112,689		112,689
Miscellaneous Income	222,048		222,048
Total General Revenue	33,357,736		33,357,736
Change in Net Position	309,129	\$ (20,641)	288,488
Net Position/(Deficit) - Beginning	20,347,244	(40,361)	20,306,883
Net Position/(Deficit) - Ending	\$ 20,656,373	\$ (61,002)	\$ 20,595,371

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents		\$ 85,645		\$ 85,645
Receivables From State Government	\$ 476,632		\$ 2,037,989	2,514,621
Receivables From Other Government	57,991			57,991
Interfund Receivable	2,069,107			2,069,107
Other Receivables	1,349			1,349
Restricted Cash and Cash Equivalents	1,140,311			1,140,311
Total Assets	\$ 3,745,390	\$ 85,645	\$ 2,037,989	\$ 5,869,024
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 176,292			\$ 176,292
Accounts Payable - Cash Deficit	996,159			996,159
Interfund Payable	80,000		\$ 1,752,859	1,832,859
Unearned Revenue		\$ 85,645		85,645
Total Liabilities	1,252,451	85,645	1,752,859	3,090,955
Fund Balances:				
Restricted for:				
Capital Reserve Account	1,140,311			1,140,311
Capital Projects			99,913	99,913
Committed:				
Capital Projects			185,217	185,217
Assigned:				
Subsequent Year's Expenditures	878,616			878,616
Year-end Encumbrances	206,696			206,696
Unassigned	267,316			267,316
Total Fund Balances	2,492,939		285,130	2,778,069
Total Liabilities and Fund Balances	\$ 3,745,390	\$ 85,645	\$ 2,037,989	

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

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$67,131,198 and the accumulated depreciation is \$22,179,638.	\$ 44,951,560
Internal service funds are used by management to charge the costs of transportation and health benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	(104,964)
The deferred amount on the refunding is reported as an expenditure in the Governmental Funds in the year of expenditure.	725,081
Premium on Bond Issuance is reported as an expenditure in the Governmental Funds. The amount is \$925,671 and the amortization is \$396,716.	(528,955)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(15,993,364)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Changes in Assumptions - Pensions	1,717,560
Difference between Expected and Actual Experience - Pensions	381,545
Changes in Proportions - Pensions	61,891
Investment Gains - Pensions	(257,143)
Changes in Proportions - Pensions	(100,459)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,974,448)
Net Position of Governmental Activities	<u>\$ 20,656,373</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 31,549,550			\$ 1,473,449	\$ 33,022,999
Miscellaneous	222,048	\$ 36,665			258,713
Total - Local Sources	<u>31,771,598</u>	<u>36,665</u>		<u>1,473,449</u>	<u>33,281,712</u>
State Sources	12,967,513		\$ 112,689		13,080,202
Federal Sources		639,034			639,034
Total Revenue	<u>44,739,111</u>	<u>675,699</u>	<u>112,689</u>	<u>1,473,449</u>	<u>47,000,948</u>
EXPENDITURES:					
Current:					
Regular Instruction	12,112,603	70,701			12,183,304
Special Education Instruction	5,139,890	25,249			5,165,139
Other Special Instruction	1,008,048				1,008,048
School Sponsored/Other Instruction	215,213				215,213
Support Services and Undistributed Costs:					
Tuition	554,786	534,765			1,089,551
Student & Instruction Related Services	5,328,394	44,984			5,373,378
General Administrative Services	653,781				653,781
School Administrative Services	1,328,797				1,328,797

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 477,691				\$ 477,691
Administrative Information Technology	1,845				1,845
Plant Operations and Maintenance	3,180,603				3,180,603
Pupil Transportation	2,823,051				2,823,051
Unallocated Benefits	11,301,551				11,301,551
Debt Service:					
Principal				\$ 1,095,000	1,095,000
Interest and Other Charges				378,450	378,450
Transfer to Charter School	70,887				70,887
Capital Outlay	617,545		\$ 340,444		957,989
Total Expenditures	<u>44,814,685</u>	<u>\$ 675,699</u>	<u>340,444</u>	<u>1,473,450</u>	<u>47,304,278</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>(75,574)</u>		<u>(227,755)</u>	<u>(1)</u>	<u>(303,330)</u>
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-budgeted)	486,191				486,191
Total Other Financing Sources/(Uses)	<u>486,191</u>				<u>486,191</u>
Net Change in Fund Balances	410,617		(227,755)	(1)	182,861
Fund Balance—July 1	<u>2,082,322</u>		<u>512,885</u>	<u>1</u>	<u>2,595,208</u>
Fund Balance—June 30	<u>\$ 2,492,939</u>	<u>\$ -0-</u>	<u>\$ 285,130</u>	<u>\$ -0-</u>	<u>\$ 2,778,069</u>

THE ACCOMPANYING NOTES TO THE BASIC 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)	\$	182,861
Total Net Change in Fund Balances - Internal Service Funds prior to depreciation expense (from B-5)		424,087
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
	Depreciation expense	\$ (1,181,737)
	Capital Outlays	<u>851,153</u>
		(330,584)
In the Statement of Activities, the inclusion of internal service fund activity results in the elimination of an Other Financing Source for a transfer in from an internal service fund.		(306,138)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		13,098
The governmental funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-)		(90,635)
The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)		66,118

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

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		\$ (2,727,061)
Deferred Outflows:		
Changes in Assumptions		1,300,396
Difference between Expected and Actual Experience		381,545
Changes in Proportions		61,891
Deferred Inflows:		
Changes in Proportion		22,627
Net difference between projected and actual investment earnings on pension plan investments		533,457

Capital leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term increases long-term liabilities in the statement of net position and is not reported in the statement of activities.

	General Fund	\$ (486,191)	
	Internal Service Fund	<u>(537,000)</u>	
			(1,023,191)

Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

1,800,658

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 309,129

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

Exhibit B-4

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Funds
<u>ASSETS:</u>		
Current Assets:		
Cash		\$ 2,095
Accounts Receivable:		
State	\$ 252	
Federal	3,800	
Interfund Receivable	80,000	
Other Receivables	17,815	76,187
Inventories	13,364	
	115,231	78,282
Total Current Assets		
Non-Current Assets:		
Capital Assets	438,187	5,188,559
Less: Accumulated Depreciation	(357,753)	(2,519,483)
	80,434	2,669,076
Total Non-Current Assets		
Total Assets	195,665	2,747,358
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors	40,330	63,336
Interfund Payable - General Fund	191,610	119,910
Unearned Revenue	24,727	
	256,667	183,246
Total Current Liabilities		
Long Term Liabilities:		
Capital Leases Payable:		
Due Within One Year		337,292
Due Beyond One Year		898,989
		1,236,281
Total Long-Term Liabilities		
Total Liabilities	256,667	1,419,527
<u>NET POSITION:</u>		
Net Investment in Capital Assets	80,434	1,432,795
Unrestricted/(Deficit)	(141,436)	(104,964)
Total Net Position/(Deficit)	\$ (61,002)	\$ 1,327,831

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

Exhibit B-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Funds
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$ 259,316	
Daily Sales - Non-Reimbursable Programs	193,750	
Charges and Fees		\$ 3,803,236
	453,066	3,803,236
Total Operating Revenue		
Operating Expenses:		
Cost of Sales - Reimbursable Programs	124,949	
Cost of Sales - Nonreimbursable Programs	73,382	
Salaries, Benefits and Payroll Taxes	253,391	2,861,664
Professional and Technical Services	86,622	93,673
Supplies and Repairs	25,766	26,301
Interest Expense on Capital Leases		16,794
Depreciation Expense	14,521	371,552
Maintenance		380,717
Total Operating Expenses	578,631	3,750,701
Operating Loss	(125,565)	52,535
Non-Operating Revenue:		
State Sources:		
State School Lunch Program	3,981	
Federal Sources:		
National School Lunch Program	59,282	
Food Distribution Program	41,661	
	104,924	
Total Non-Operating Revenue		
Change in Net Position	(20,641)	52,535
Net Position/(Deficit) - Beginning of Year	(40,361)	1,275,296
Net Position/(Deficit) - End of Year	\$ (61,002)	\$ 1,327,831

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

Exhibit B-6

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Food Service</u>	
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 435,873	\$ 3,761,167
Payments to Employees/Benefits	(4,925)	
Payments for Health Benefits, Claims and Expenses		(640,104)
Payments to Food Service Vendor	(488,035)	
Payments to Suppliers	(7,551)	(3,436,140)
Net Cash Used for Operating Activities	<u>(64,638)</u>	<u>(315,077)</u>
Cash Flows from Capital Financing Activities:		
Capital Assets Purchases		(15,904)
Capital Lease Payments		(307,028)
Net Cash (Used for) Capital Financing Activities		<u>(322,932)</u>
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal and State Sources	64,638	
Net Cash Provided by Noncapital Financing Activities	<u>64,638</u>	
Net (Decrease) in Cash and Cash Equivalents	-0-	(638,009)
Cash and Cash Equivalents, July 1	-0-	640,104
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>	<u>\$ 2,095</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by (for) Operating Activities:		
Operating Income/(Loss)	\$ (125,565)	\$ 52,535
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by/(for) Operating Activities:		
Depreciation	14,521	371,552
Interest on Capital Leases		16,794
Federal Food Distribution Program	41,661	
Changes in Assets and Liabilities:		
Decrease in Inventory	4,209	
(Increase)/Decrease in Accounts Receivable	9,905	(42,069)
(Decrease) in Interfund Payable	(46,352)	(80,381)
Increase in Accounts Payable	39,835	6,596
(Decrease) in Unearned Revenue	(2,852)	
(Decrease) in Estimated Liability for Health Benefit Claims		(640,104)
Net Cash Used for Operating Activities	<u>\$ (64,638)</u>	<u>\$ (315,077)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$37,006 and used \$41,661 commodities valued at during the fiscal year.

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

Exhibit B-7

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 288,290	\$ 2,701	\$ 656,296
Interfund Receivable			12,856
Total Assets	<u>288,290</u>	<u>2,701</u>	<u>669,152</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	235,392		
Interfund Payable	17,584		
Due to Student Groups	35,314		
Total Liabilities	<u>288,290</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims			669,152
Flexible Spending Claims		2,701	
Total Net Position	<u>\$ -0-</u>	<u>\$ 2,701</u>	<u>\$ 669,152</u>

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

Exhibit B-8

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 63,347	\$ 43,817
	<u>63,347</u>	<u>43,817</u>
Total Additions		
DEDUCTIONS:		
Flexible Spending Claims	65,081	
Unemployment Compensation Claims		31,421
	<u>65,081</u>	<u>31,421</u>
Total Deductions		
Change in Net Position	(1,734)	12,396
Net Position - Beginning of the Year	<u>4,435</u>	<u>656,756</u>
Net Position - End of the Year	<u>\$ 2,701</u>	<u>\$ 669,152</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund and Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of state aid. The District's General Fund and Capital Projects Fund recognize the full amount of the state grants in the year awarded on a budgetary basis. The State is recording the last two state aid payments in the subsequent fiscal year for the General Fund, as detailed more fully in Note 1P. On a GAAP basis, Capital Projects Fund S.D.A. (Schools Development Authority) grant revenue is recognized based on grant expenditures and when expenditures are submitted for reimbursements.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 44,733,178	\$ 675,699
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	800,132	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(794,199)</u>	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 44,739,111</u>	<u>\$ 675,699</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Differences - Budget to GAAP		
Budgetary Comparison Schedule	\$ 44,814,685	\$ 675,699
Total Expenditures as Reported on the Statement of Revenue,		
Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 44,814,685	\$ 675,699
	Capital Projects Fund	
	Revenue	Fund Balance
Revenue/Fund Balance - Budgetary Basis	\$ -0-	\$ 386,479
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue/Receivable Recognized/not Recognized on GAAP Basis	112,689	(101,349)
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ 112,689	\$ 285,130

E. Cash and Cash Equivalents, and Investments:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenue/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	20 years
Machinery, Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses in the governmental funds.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

N. Compensated Absences:

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

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

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

O. Net unearned revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$2,492,939 General Fund fund balance at June 30, 2016, \$206,696 is assigned for encumbrances, \$1,140,311 is restricted in the capital reserve account; \$878,616 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; and \$267,316 is unassigned, which is \$794,199 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: Of the \$285,130 Capital Projects Fund fund balance at June 30, 2016 \$99,913 is restricted and \$185,217 is restricted, which is \$101,349 less on a GAAP basis, due to the SDA Grants not being realized until expenditures are submitted for reimbursement.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2016.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$794,199 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted and total net position in the food service fund, business type activities. This was mostly the result of the deficit in operations in the prior year of \$104,964 offset by expenses exceeding revenues by \$36,472 in the current year. The District has negotiated a contract with its Food Service Management Company which guarantees a profit for future contract years which will offset the deficit in net position over time.

The District also has a deficit in unrestricted net position in the internal service transportation fund. This was the mostly the result of operating expenses exceeding operating revenues by \$52,535. The District is reviewing the transportation fund to ensure that further deficits do not occur in the future.

The District has a deficit in unrestricted net position of \$14,156,191 in governmental activities, which is primarily due to pension liabilities and deferred inflows and outflows related to pensions.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2016 for the changes in proportion in pension and the net difference in investment earnings on pension plan investments, and the District had deferred outflows of resources at June 30, 2016 for the changes in assumptions in pensions and the deferred amount on the refunding of school bonds.

Net position is displayed in three components – net investment in capital assets; restricted and unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

R. Net Position (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned. Fund balance restrictions have been established for a capital reserve and the Capital Projects Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources at June 30, 2016 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed in the section of this Note for Investments.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 36,773	\$ 1,140,311	\$ 1,177,084
Escrow Accounts	2,095		2,095
	\$ 38,868	\$ 1,140,311	\$ 1,179,179

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2016 for governmental activities consisted of \$85,645 of cash, restricted cash of \$1,140,311, a cash deficit of \$996,159, and \$2,095 cash with fiscal agents which is uninsured and unregistered. The carrying amount of cash and cash equivalents in the fiduciary funds at June 30, 2016 was \$947,287. The bank balance was \$2,274,683.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township of Education by inclusion of \$200,100 on June 30, 2002 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	640,211
Plus: Interest		100
Board Resolution		500,000
		500,000
Ending Balance, June 30, 2016	\$	1,140,311

The June 30, 2016 LRFPA balance of local support costs of uncompleted capital projects at June 30, 2016 is equal to or greater than \$1,140,311.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$65,578 to the capital outlay accounts for purchases of equipment. The District also transferred \$20,000 to the capital outlay account for facilities acquisition and construction services, which required County Superintendent approval.

NOTE 6: CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Beginning Balance	Increases	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,024,701			\$ 1,024,701
Construction in Progress	6,442,170	\$ 340,444		6,782,614
Total Capital Assets Not Being Depreciated	7,466,871	340,444		7,807,315
Capital Assets Being Depreciated:				
Site Improvements	1,719,020			1,719,020
Buildings and Building Improvements	51,353,737			51,353,737
Machinery and Equipment	5,880,995	510,709	\$ (140,578)	6,251,126
Total Capital Assets Being Depreciated	58,953,752	510,709	(140,578)	59,323,883
Governmental Activities Capital Assets	66,420,623	851,153	(140,578)	67,131,198
Less Accumulated Depreciation for:				
Site Improvements	(1,719,020)	(30,518)		(1,749,538)
Buildings and Building Improvements	(13,666,327)	(980,417)		(14,646,744)
Machinery and Equipment	(5,753,132)	(170,802)	140,578	(5,783,356)
	(21,138,479)	(1,181,737)	140,578	(22,179,638)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 45,282,144	\$ (330,584)	\$ -0-	\$ 44,951,560
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 93,436	\$ 8,704	(2,462)	\$ 99,678
Less: Accumulated Depreciation	(49,228)	(5,438)	2,462	(52,204)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 44,208	\$ 3,266	\$ -0-	\$ 47,474

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

The District had active construction projects totaling \$6,782,614 as of June 30, 2016. The projects are for the construction of a new elementary school and renovation of other schools in the District.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 91,585
Student and Instruction Related Services	555,416
Operations and Maintenance of Plant	82,722
General Administration	23,635
Transportation	428,379
	<u>\$ 1,181,737</u>

The District expended \$340,444 towards construction in progress during the fiscal year.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2015	Accrued	Retired	Balance 6/30/2016
Serial Bonds Payable	\$ 10,980,000		\$ 1,095,000	\$ 9,885,000
Compensated Absences Payable	1,412,200	\$ 49,362	62,460	1,399,102
Unamortized Bond Issuance Premium	595,073		66,118	528,955
Net Pension Liability	13,266,303	2,727,061		15,993,364
Capital Leases Payable	1,372,813	1,023,191	705,658	1,690,346
	<u>\$ 27,626,389</u>	<u>\$ 3,799,614</u>	<u>\$ 1,929,236</u>	<u>\$ 29,496,767</u>

The District has entered into capital leases totaling \$2,864,574 of which \$1,174,228 has been liquidated as of June 30, 2016. In 2003, the District issued bonds for the construction of a new school and renovations to the other district schools in the amount of \$19,100,300. These bonds were refunded in 2010.

A. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$66,118 and is separated from the long-term liability balance of \$462,837.

B. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2016 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
Refunding of 2003 Bonds	7/15/2024	3.00% - 4.00%	\$ 9,885,000

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

B. Bonds Payable: (Cont'd)

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

Fiscal Year	Principal	Interest	Total
2017	\$ 1,135,000	\$ 333,850	\$ 1,468,850
2018	1,170,000	287,750	1,457,750
2019	1,205,000	240,250	1,445,250
2020	1,240,000	191,350	1,431,350
2021	1,250,000	141,550	1,391,550
2022 -2024	3,885,000	171,675	4,056,675
	<u>\$ 9,885,000</u>	<u>\$ 1,366,425</u>	<u>\$ 11,251,425</u>

C. Bonds Authorized But Not Issued

As of June 30, 2016 the Board had not bonds authorized but not issued.

D. Capital Leases Payable:

As of June 30, 2016, the Board had capital leases payable for the acquisition of buses with a total asset value of \$1,828,320. The capital lease terms are for five years for buses. As of June 30, 2016, the District also had capital leases for the purchase of technology equipment. The amount of the leases for the technology equipment is \$1,243,059 and the capital lease terms are for three years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016.

<u>Year</u>	<u>Amount</u>
2017	\$ 655,481
2018	469,113
2019	304,932
2020	210,247
2021	112,797
	<u>1,752,570</u>
Less: Amount representing interest	<u>(62,224)</u>
Present value of net minimum lease payments	<u>\$ 1,690,346</u>

The current portion of Capital Leases payable at June 30, 2016 is \$650,111 and the long-term portion is \$1,040,235. Capital leases will be liquidated through the general and internal service funds.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$59,963 and is separated from the long-term liability balance of compensated absences of \$1,279,176. 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 Food Service Fund.

Compensated absences will be liquidated from the General Fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$15,993,364. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

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 the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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:

Tier	Definition
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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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 50 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. 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. District contributions to PERS amounted to \$612,527 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$15,993,364 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.07%, which was an increase of 0.0004% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$1,039,650. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization</u> Period in Years	<u>Deferred</u> Outflows of Resources	<u>Deferred</u> Inflows of Resources
Changes in Assumptions - 2014	6.44	\$ 342,352	
Changes in Assumptions - 2015	5.72	1,375,208	
Changes in Proportion - 2014	6.44		\$ 100,459
Changes in Proportion - 2015	5.72	61,891	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		596,210
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(339,067)
Difference Between Expected and Actual Experience - 2015	5.72	381,545	
District Contribution Subsequent to the Measurement Date - 2015	1	637,815	
		<u>\$ 2,798,811</u>	<u>\$ 357,602</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 335,330
2017	335,330
2018	335,329
2019	534,067
2020	301,906
	\$ 1,841,962

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for 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 one 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 pension 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 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 PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<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 U.S. 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. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% 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 municipal 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 upon 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 19,877,795	\$ 15,993,364	\$ 12,736,685

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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. The following represents the membership tiers for TPAF:

Tier	Definition
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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included 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 actuarially determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$1,436,881 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,868,878.

The employee contribution rate was 7.06% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$112,495,751. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.178%, which was a decrease of 0.004% from its proportion measured as of June 30, 2014.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>112,495,751</u>
Total	<u>\$ 112,495,751</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$6,868,878 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2016) 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 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 PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. 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%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the 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 municipal 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 upon the average of the last five years. Based on those assumptions, the pension 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-term expected rate of return on pension 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 133,696,995	\$ 112,495,751	\$ 94,229,610

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$36,316 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$66,578 for the year ended June 30, 2016.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2016combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,710,929, \$1,527,597, and \$1,261,015 for 2016, 2015 and 2014, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has not experienced any insurance settlements that have exceeded coverage for any of the previous three fiscal years. The District maintains commercial coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

Property and Liability

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

Selected summarized financial information for the Group as of June 30, 2016 is as follows:

	Morris Essex Insurance Group
Total Assets	\$ 9,740,564
Net Position	\$ 7,012,792
Total Revenue	\$ 3,393,346
Total Expenses	\$ 1,680,814
Change in Net Position	\$ 802,365
Member Dividends	\$ 910,167

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

Group:

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ -0-	\$ 43,817	\$ 31,421	\$ 669,152
2014-2015	-0-	-0-	44,341	10,840	656,756
2013-2014	-0-	-0-	40,526	49,319	623,255

NOTE 11. ECONOMIC DEPENDENCY

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. ACCRUED LIABILITY FOR HEALTH BENEFITS CLAIMS

The District maintains medical and dental health care insurance with Horizon Blue Cross/Blue Shield (“Horizon”). The insurance plan is a traditionally funded plan.

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

	<u>Fiscal Year Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Accrued Liability for Health Benefits Claims, July 1	\$ 640,104	\$ 616,994
Incurred Claims and Claim Adjustment Expenses		5,972,251
Paid Claims and Claim Adjustment Expenses	<u>(640,104)</u>	<u>(5,949,141)</u>
Accrued Liability for Health Benefits Claims, June 30	<u>\$ -0-</u>	<u>\$ 640,104</u>

NOTE 13. INTERFUNDS PAYABLES, RECEIVABLES, AND TRANSFERS

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 2,069,107	\$ 80,000
Capital Projects Fund		1,752,859
Enterprise Fund	80,000	191,610
Internal Service Fund		119,910
Payroll Agency Fund		17,584
Unemployment Trust Fund	<u>12,856</u>	
	<u>\$ 2,161,963</u>	<u>\$ 2,161,963</u>

The interfund between the General Fund and the Capital Projects, Enterprise Funds, and Internal Service Fund were for funds advanced to cover the deficits in cash which existed in each fund at year end. The interfund between General Fund and Payroll Agency Fund was for funds advanced during the year. The interfund between Payroll Agency and the Unemployment Trust Fund was for deductions collected in Payroll Agency owed to the Unemployment Trust Fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

VALIC
Equitable Financial Companies

Fidelity Investments
Lincoln Investment Planning

NOTE 15. TAX CALENDAR

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

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

NOTE 16. CONTINGENT LIABILITY

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

	General Fund	Total Governmental Funds
Vendors	\$ 206,696	\$ 206,696

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. CONTINGENT LIABILITY (Cont'd)

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$19,100,300 School Bonds dated July 15, 2003. The amount of the liability at June 30, 2016, if any, is unknown.

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2016 were as follows:

	<u>General Fund</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>	<u>Business Type Activities</u>
Vendors	\$ 176,292		\$ 63,336	\$ 176,292	\$ 40,330
Cash Deficit	996,159			996,159	
State of New Jersey		\$ 637,815		637,815	
	<u>\$ 1,172,451</u>	<u>\$ 637,815</u>	<u>\$ 63,336</u>	<u>\$ 1,810,266</u>	<u>\$ 40,330</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

L-1

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0708566496%	0.0712462883%
District's proportionate share of the net pension liability	\$ 13,266,303	\$ 15,993,364
District's covered employee payroll	\$ 4,881,865	\$ 4,735,500
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.75%	337.73%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-2

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 477,117	\$ 504,167
Contributions in relation to the contractually required contribution	<u>(477,117)</u>	<u>(504,167)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 4,735,500	\$ 4,653,741
Contributions as a percentage of covered employee payroll	10.08%	10.83%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.1817998159%	0.1779875795%
State's proportionate share of the net pension liability attributable to the District	\$ 97,166,085	\$ 112,495,751
District's covered employee payroll	\$ 18,101,307	\$ 17,501,370
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	536.79%	642.78%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 5,228,448	\$ 6,868,878
Contributions in relation to the contractually required contribution	<u>(926,266)</u>	<u>(1,436,881)</u>
Contribution deficiency/(excess)	<u>\$ 4,302,182</u>	<u>\$ 5,431,997</u>
District's covered employee payroll	\$ 17,501,370	\$ 18,241,947
Contributions as a percentage of covered employee payroll	5.29%	7.88%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 31,549,550		\$ 31,549,550	\$ 31,549,550	
Interest on Investments - Capital Reserve	100		100	100	
Miscellaneous	150,900		150,900	221,948	\$ 71,048
Total - Local Sources	<u>31,700,550</u>		<u>31,700,550</u>	<u>31,771,598</u>	<u>71,048</u>
State Sources:					
Categorical Special Education Aid	1,591,751		1,591,751	1,591,751	
Categorical Transportation Aid	288,960		288,960	288,960	
Equalization Aid	5,580,975		5,580,975	5,580,975	
Categorical Security Aid	176,840		176,840	176,840	
Additional Adjustment Aid	359,036		359,036	359,036	
Per Pupil Growth Aid	22,680		22,680	22,680	
PARCC Readiness Aid	22,680		22,680	22,680	
Extraordinary Aid				383,057	383,057
NonPublic Transportation Aid				7,744	7,744
Homeless Tuition Reimbursement				20,693	20,693
On-Behalf Pension Contributions (Non-Budgeted)				1,436,881	1,436,881
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,710,929	1,710,929
TPAF Social Security (Reimbursed - Non-Budgeted)				1,359,354	1,359,354
Total State Sources	<u>8,042,922</u>		<u>8,042,922</u>	<u>12,961,580</u>	<u>4,918,658</u>
TOTAL REVENUES	<u>39,743,472</u>		<u>39,743,472</u>	<u>44,733,178</u>	<u>4,989,706</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	765,806	\$ 3,500	769,306	766,644	2,662
Grades 1-5 - Salaries of Teachers	5,253,911	(13,684)	5,240,227	5,228,166	12,061
Grades 6-8 - Salaries of Teachers	4,976,253	(281,717)	4,694,536	4,669,464	25,072
Regular Programs - Home Instruction:					
Salaries of Teachers	8,000	24	8,024	8,024	
Other Purchased Services	14,000	4,800	18,800	12,977	5,823

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	\$ 169,489	\$ 6,300	\$ 175,789	\$ 174,931	\$ 858
Other Purchased Services (400-500 series)	884,286	(74,027)	810,259	782,652	27,607
General Supplies	554,740	(37,535)	517,205	469,745	47,460
Total Regular Programs - Undistributed Instruction	<u>12,626,485</u>	<u>(392,339)</u>	<u>12,234,146</u>	<u>12,112,603</u>	<u>121,543</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	343,086	(53,958)	289,128	288,878	250
Other Salaries for Instruction	106,490	(22,600)	83,890	77,563	6,327
General Supplies	8,471	360	8,831	8,378	453
Total Learning and/or Language Disabilities	<u>458,047</u>	<u>(76,198)</u>	<u>381,849</u>	<u>374,819</u>	<u>7,030</u>
Behavioral Disabilities:					
Salaries of Teachers	65,802	55,224	121,026	121,008	18
Other Salaries for Instruction	24,215	298	24,513	24,513	
General Supplies	74		74	74	
Total Behavioral Disabilities	<u>90,091</u>	<u>55,522</u>	<u>145,613</u>	<u>145,595</u>	<u>18</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,918,289	273,500	3,191,789	3,188,115	3,674
Other Salaries for Instruction	1,005,337	5,111	1,010,448	1,010,448	
General Supplies	17,813	4,000	21,813	19,818	1,995
Total Resource Room/Resource Center	<u>3,941,439</u>	<u>282,611</u>	<u>4,224,050</u>	<u>4,218,381</u>	<u>5,669</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 408,690	\$ (74,192)	\$ 334,498	\$ 333,703	\$ 795
Other Salaries for Instruction	49,386	12,550	61,936	54,701	7,235
General Supplies	9,901	2,940	12,841	12,691	150
Total Preschool Handicapped - Part-time	<u>467,977</u>	<u>(58,702)</u>	<u>409,275</u>	<u>401,095</u>	<u>8,180</u>
Total Special Education Instruction	<u>4,957,554</u>	<u>203,233</u>	<u>5,160,787</u>	<u>5,139,890</u>	<u>20,897</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	960,661	(81,000)	879,661	873,868	5,793
General Supplies	6,128		6,128	5,779	349
Total Basic Skills/Remedial - Instruction	<u>966,789</u>	<u>(81,000)</u>	<u>885,789</u>	<u>879,647</u>	<u>6,142</u>
Bilingual Education - Instruction:					
Salaries of Teachers	102,341	29,500	131,841	127,558	4,283
General Supplies	966		966	843	123
Total Bilingual Education - Instruction	<u>103,307</u>	<u>29,500</u>	<u>132,807</u>	<u>128,401</u>	<u>4,406</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	133,150	15,207	148,357	148,356	1
Purchased Services	1,970	(600)	1,370	1,205	165
Supplies and Materials	2,647	281	2,928	2,928	
Total School-Sponsored Cocurricular Activities - Instruction	<u>137,767</u>	<u>14,888</u>	<u>152,655</u>	<u>152,489</u>	<u>166</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 60,000	\$ (2,794)	\$ 57,206	\$ 49,607	\$ 7,599
Other Purchased Services	4,675	2,920	7,595	7,151	444
Supplies and Materials	7,074	(126)	6,948	5,966	982
Total School-Sponsored Cocurricular Athletics - Instruction	<u>71,749</u>		<u>71,749</u>	<u>62,724</u>	<u>9,025</u>
Total Instruction	<u>18,863,651</u>	<u>(225,718)</u>	<u>18,637,933</u>	<u>18,475,754</u>	<u>162,179</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	371,166	(110,314)	260,852	196,262	64,590
Tuition to Private Schools for the Handicapped - Within State	527,855	(103,486)	424,369	358,524	65,845
Total Undistributed Expenditures - Instruction	<u>899,021</u>	<u>(213,800)</u>	<u>685,221</u>	<u>554,786</u>	<u>130,435</u>
Attendance & Social Work Services:					
Salaries	5,030		5,030	4,776	254
Total Attendance & Social Work Services	<u>5,030</u>		<u>5,030</u>	<u>4,776</u>	<u>254</u>
Health Services:					
Salaries	609,267	(41,539)	567,728	565,536	2,192
Purchased Professional and Technical Services	6,000		6,000	4,879	1,121
Other Purchased Services	1,300		1,300	270	1,030
Supplies and Materials	19,313		19,313	14,703	4,610
Total Health Services	<u>635,880</u>	<u>(41,539)</u>	<u>594,341</u>	<u>585,388</u>	<u>8,953</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 707,573		\$ 707,573	\$ 692,574	\$ 14,999
Purchased Professional - Educational Services	880,188	\$ 143,600	1,023,788	1,009,482	14,306
Supplies and Materials	7,350		7,350	6,727	623
Total Speech, OT, PT and Related Services	<u>1,595,111</u>	<u>143,600</u>	<u>1,738,711</u>	<u>1,708,783</u>	<u>29,928</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	322,554	5,212	327,766	327,766	
Purchased Professional - Educational Services	65,118	90,200	155,318	134,760	20,558
Supplies and Materials		800	800	717	83
Total Other Support Services - Students - Extraordinary Services	<u>387,672</u>	<u>96,212</u>	<u>483,884</u>	<u>463,243</u>	<u>20,641</u>
Guidance:					
Salaries of Other Professional Staff	401,978	(16,000)	385,978	385,348	630
Salaries of Secretarial and Clerical Assistants	118,649		118,649	117,889	760
Supplies and Materials	4,867		4,867	2,875	1,992
Total Guidance	<u>525,494</u>	<u>(16,000)</u>	<u>509,494</u>	<u>506,112</u>	<u>3,382</u>
Child Study Team:					
Salaries of Other Professional Staff	1,150,301		1,150,301	1,145,957	4,344
Salaries of Secretarial and Clerical Assistants	97,292	4,301	101,593	101,593	
Other Purchased Professional and Technical Services	27,835	(610)	27,225	20,258	6,967
Miscellaneous Purchased Services	5,604	610	6,214	4,570	1,644
Supplies and Materials	21,468	291	21,759	21,693	66
Other Objects	500		500	451	49
Total Child Study Team	<u>1,303,000</u>	<u>4,592</u>	<u>1,307,592</u>	<u>1,294,522</u>	<u>13,070</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 167,395	\$ 800	\$ 168,195	\$ 168,121	\$ 74
Salaries of Other Professional Staff	31,680	39,410	71,090	71,089	1
Salaries of Secretarial and Clerical Assistants	45,760		45,760	45,759	1
Total Improvement of Instructional Services	<u>244,835</u>	<u>40,210</u>	<u>285,045</u>	<u>284,969</u>	<u>76</u>
Educational Media Services/School Library:					
Salaries	325,536		325,536	325,045	491
Other Purchased Services	32,200		32,200	28,904	3,296
Supplies and Materials	42,184		42,184	38,507	3,677
Total Educational Media Services/School Library	<u>399,920</u>		<u>399,920</u>	<u>392,456</u>	<u>7,464</u>
Instructional Staff Training Services:					
Other Purchased Services	106,800	5,160	111,960	88,145	23,815
Total Instructional Staff Training Services	<u>106,800</u>	<u>5,160</u>	<u>111,960</u>	<u>88,145</u>	<u>23,815</u>
Support Services - General Administration:					
Salaries	308,233	10,170	318,403	318,403	
Legal Services	41,700	46,053	87,753	75,246	12,507
Audit Fees	44,000		44,000	43,750	250
Other Purchased Professional Services	2,600		2,600	2,445	155
Communications/Telephone	75,000	(12,000)	63,000	62,755	245
Other Purchased Services	100,584	42,500	143,084	116,492	26,592
General Supplies	6,411	127	6,538	6,538	
BOE Meeting Supplies	800		800	791	9
Miscellaneous Expenditures	11,723		11,723	8,081	3,642
Board of Education Membership Dues and Fees	20,000		20,000	19,280	720
Total Support Services - General Administration	<u>611,051</u>	<u>86,850</u>	<u>697,901</u>	<u>653,781</u>	<u>44,120</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 732,207	\$ 41,000	\$ 773,207	\$ 772,765	\$ 442
Salaries of Secretarial and Clerical Assistants	522,156	(358)	521,798	521,798	
Other Purchased Services	30,300	(1,015)	29,285	15,558	13,727
Supplies and Materials	9,027	743	9,770	9,551	219
Other Objects	8,853	272	9,125	9,125	
Total Support Services - School Administration	<u>1,302,543</u>	<u>40,642</u>	<u>1,343,185</u>	<u>1,328,797</u>	<u>14,388</u>
Central Services:					
Salaries	436,652	612	437,264	437,264	
Other Purchased Professional Services	30,250	12,951	43,201	32,718	10,483
Supplies and Materials	5,307	500	5,807	5,696	111
Miscellaneous Expenses	1,749	264	2,013	2,013	
Total Central Services	<u>473,958</u>	<u>14,327</u>	<u>488,285</u>	<u>477,691</u>	<u>10,594</u>
Administrative Information Technology:					
Purchased Technical Services	1,560		1,560	1,346	214
Supplies and Materials	5,800		5,800	499	5,301
Total Administrative Information Technology	<u>7,360</u>		<u>7,360</u>	<u>1,845</u>	<u>5,515</u>
Required Maintenance of School Facilities:					
Salaries	126,322		126,322	102,911	23,411
Cleaning, Repair and Maintenance Services	485,653	133,099	618,752	445,954	172,798
General Supplies	50,000	28,000	78,000	67,509	10,491
Total Required Maintenance of School Facilities	<u>661,975</u>	<u>161,099</u>	<u>823,074</u>	<u>616,374</u>	<u>206,700</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 1,542,280	\$ (64,000)	\$ 1,478,280	\$ 1,434,336	\$ 43,944
Purchased Professional and Technical Services	16,406	2,450	18,856	15,688	3,168
Cleaning, Repairs, and Maintenance Services	126,630	(2,000)	124,630	96,462	28,168
Other Purchased Services	245,861		245,861	233,632	12,229
Insurance	120,035		120,035	119,467	568
General Supplies	159,012	(2,000)	157,012	130,863	26,149
Energy - Natural Gas	220,000	(25,000)	195,000	149,972	45,028
Energy - Electricity	325,000	25,000	350,000	346,288	3,712
Energy - Oil	10,000		10,000	4,407	5,593
Total Custodial Services	<u>2,765,224</u>	<u>(65,550)</u>	<u>2,699,674</u>	<u>2,531,115</u>	<u>168,559</u>
Security					
Salaries	38,170		38,170	33,114	5,056
Total Security	<u>38,170</u>		<u>38,170</u>	<u>33,114</u>	<u>5,056</u>
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	2,517,600		2,517,600	2,500,795	16,805
Special Education Students CTSA's and ESCs	365,471	(20,000)	345,471	276,008	69,463
Aid in Lieu Payments - Nonpublic	51,272		51,272	46,248	5,024
Total Student Transportation Services	<u>2,934,343</u>	<u>(20,000)</u>	<u>2,914,343</u>	<u>2,823,051</u>	<u>91,292</u>
Unallocated Benefits:					
Social Security Contributions	515,659	21,200	536,859	532,162	4,697
Other Retirement Contributions - PERS	500,512	3,800	504,312	504,167	145
Workmen's Compensation	180,000	3,332	183,332	183,332	
Health Benefits	5,317,950	84,876	5,402,826	5,370,137	32,689
Tuition Reimbursements	150,000		150,000	114,465	35,535

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits: (Cont'd)					
Other Employee Benefits	\$ 50,000	\$ 40,124	\$ 90,124	\$ 90,124	
Total Unallocated Benefits	<u>6,714,121</u>	<u>153,332</u>	<u>6,867,453</u>	<u>6,794,387</u>	<u>\$ 73,066</u>
On-Behalf Contributions:					
On-Behalf TPAF Pension (Non-Budgeted)				1,436,881	(1,436,881)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,710,929	(1,710,929)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,359,354	(1,359,354)
Total On-Behalf Contributions				<u>4,507,164</u>	<u>(4,507,164)</u>
Total Personal Services - Employee Benefits	<u>6,714,121</u>	<u>153,332</u>	<u>6,867,453</u>	<u>11,301,551</u>	<u>(4,434,098)</u>
Total Undistributed Expenses	<u>21,611,508</u>	<u>389,135</u>	<u>22,000,643</u>	<u>25,650,499</u>	<u>(3,649,856)</u>
TOTAL CURRENT EXPENSE	<u>40,475,159</u>	<u>163,417</u>	<u>40,638,576</u>	<u>44,126,253</u>	<u>(3,487,677)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Non-Instructional	2,850	65,578	68,428	68,420	8
Total Equipment	<u>2,850</u>	<u>65,578</u>	<u>68,428</u>	<u>68,420</u>	<u>8</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	40,000	20,000	60,000	21,386	38,614
Other Objects - Debt Service Assessment on SDA Funding	41,548		41,548	41,548	
Total Facilities Acquisition and Construction Services	<u>81,548</u>	<u>20,000</u>	<u>101,548</u>	<u>62,934</u>	<u>38,614</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Instruction - Equipment				486,191	(486,191)
				<u>486,191</u>	<u>(486,191)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL CAPITAL OUTLAY	\$ 84,398	\$ 85,578	\$ 169,976	\$ 617,545	\$ (447,569)
Transfer To Charter School	70,887		70,887	70,887	
Total Transfer to Charter School	70,887		70,887	70,887	
TOTAL EXPENDITURES	40,630,444	248,995	40,879,439	44,814,685	(3,935,246)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(886,972)	(248,995)	(1,135,967)	(81,507)	1,054,460
Other Financing Sources:					
Capital Leases (Non-budgeted)				486,191	486,191
Total Other Financing Sources				486,191	486,191
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(886,972)	(248,995)	(1,135,967)	404,684	1,540,651
Fund Balance, July 1	2,882,454		2,882,454	2,882,454	
Fund Balance, June 30	<u>\$ 1,995,482</u>	<u>\$ (248,995)</u>	<u>\$ 1,746,487</u>	<u>\$ 3,287,138</u>	<u>\$ 1,540,651</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,140,311	
Assigned:					
For Subsequent Year's Expenditures				878,616	
Year-end Encumbrances				206,696	
Unassigned				1,061,515	
				3,287,138	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(794,199)	
Fund Balance per Governmental Funds GAAP				\$ 2,492,939	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 639,034		\$ 639,034	\$ 639,034	
Local Sources		\$ 36,665	36,665	36,665	
Total Revenues	<u>639,034</u>	<u>36,665</u>	<u>675,699</u>	<u>675,699</u>	
EXPENDITURES:					
Instruction					
Salaries	32,500	(2,818)	29,682	29,682	
Other Purchased Services	534,752	13	534,765	534,765	
General Supplies	26,569	39,699	66,268	66,268	
Total Instruction	<u>593,821</u>	<u>36,894</u>	<u>630,715</u>	<u>630,715</u>	
Support Services					
Personal Service - Employee Benefit	2,487	(216)	2,271	2,271	
Purchased Professional/Technical Services	41,300	(1)	41,299	41,299	
Supplies and Materials	1,426	(12)	1,414	1,414	
Total Support Services	<u>45,213</u>	<u>(229)</u>	<u>44,984</u>	<u>44,984</u>	
Total Expenditures	<u>\$ 639,034</u>	<u>\$ 36,665</u>	<u>\$ 675,699</u>	<u>\$ 675,699</u>	<u>\$ -0-</u>

Exhibit C-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 45,219,369	\$ 675,699
Differences - Budget to GAAP:		
State Aid Payments Recognized for GAAP Statement, not Recognized for Budgetary Purposes	800,132	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(794,199)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 45,225,302	\$ 675,699
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,814,685	\$ 675,699
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 44,814,685	\$ 675,699

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	No Child Left Behind		IDEA PART B		Local Grants	Totals June 30, 2015
	Title II A	Title I	Preschool	Basic		
REVENUE:						
Federal Sources	\$ 34,125	\$ 34,547	\$ 25,584	\$ 544,778		\$ 639,034
Local Sources					\$ 36,665	36,665
Total Revenue	34,125	34,547	25,584	544,778	36,665	675,699
EXPENDITURES:						
Instruction:						
Salaries		6,682	23,000			29,682
Other Purchased Services				534,765		534,765
General Supplies		27,354	824	1,425	36,665	66,268
Total Instruction		34,036	23,824	536,190	36,665	630,715
Support Services:						
Employee Benefits		511	1,760			2,271
Purchased Professional/Technical Services	34,125			7,174		41,299
Supplies and Materials				1,414		1,414
Total Support Services	34,125	511	1,760	8,588		44,984
Total Expenditures	\$ 34,125	\$ 34,547	\$ 25,584	\$ 544,778	\$ 36,665	\$ 675,699

CAPITAL PROJECTS FUND

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

Expenditures:	
Purchased Professional and Technical Services	\$ 8,111
Construction Services	<u>332,333</u>
Total Expenditures	<u>340,444</u>
Deficit of Revenue and Other Financing Sources Under Expenditures	(340,444)
Fund Balance - Beginning of Year	<u>726,923</u>
Fund Balance - End of Year	<u><u>\$ 386,479</u></u>
Recapitulation:	
Restricted	\$ 99,913
Committed	<u>286,566</u>
Total	<u>386,479</u>
SDA Grant Receivable not Recognized on a GAAP Basis	<u>(101,349)</u>
Fund Balance GAAP Basis	<u><u>\$ 285,130</u></u>

F-1a

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CONSTRUCTION OF CUCINELLA SCHOOL AND RENOVATIONS TO OTHER SCHOOLS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 6,871,136	\$ 6,871,136	\$ 6,871,136
Bond Proceeds	19,228,864	19,228,864	19,228,864
Total Revenue and Other Financing Sources	<u>26,100,000</u>	<u>26,100,000</u>	<u>26,100,000</u>
Expenditures:			
Purchased Professional and Technical Services	2,475,282	2,475,282	4,434,000
Construction Services	22,802,250	22,802,250	20,316,000
Miscellaneous Costs	722,555	722,555	1,350,000
Total Expenditures and Other Financing Uses	<u>26,000,087</u>	<u>26,000,087</u>	<u>26,100,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 99,913</u>	<u>\$ 99,913</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	5520-n01-03-0432
Grant Date	6/25/2003
Bonds Authorized Date	3/11/2003
Bonds Authorized	\$ 19,228,864
Bonds Issued	19,228,864
Original Authorized Cost	26,100,000
Revised Authorized Cost	26,100,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/2/2005
Revised Target Completion Date	12/2/2005

F-1b

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LONG VALLEY MIDDLE SCHOOL MECHANICAL PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from General Fund - Capital Reserve	\$ 852,900	\$ (7,000)	\$ 845,900	\$ 845,900
Total Revenue and Other Financing Sources	<u>852,900</u>	<u>(7,000)</u>	<u>845,900</u>	<u>845,900</u>
Expenditures:				
Construction Services	<u>782,743</u>	<u>33,338</u>	<u>816,081</u>	<u>845,900</u>
Total Expenditures	<u>782,743</u>	<u>33,338</u>	<u>816,081</u>	<u>845,900</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 70,157</u>	<u>\$ (40,338)</u>	<u>\$ 29,819</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	5520-030-11-1011
Original Authorized Cost	\$ 1,040,900
Revised Authorized Cost	845,900
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	96.47%
Original Target Completion Date	9/1/2012
Revised Target Completion Date	10/1/2015

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
OLD FARMERS ROAD SCHOOL MECHANICAL PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from General Fund - Capital Outlay	\$ 1,252,820	\$ (20,000)	\$ 1,232,820	\$ 1,232,820
Total Revenue and Other Financing Sources	<u>1,252,820</u>	<u>(20,000)</u>	<u>1,232,820</u>	<u>1,232,820</u>
Expenditures:				
Construction Services	<u>1,231,063</u>	<u> </u>	<u>1,231,063</u>	<u>1,232,820</u>
Total Expenditures	<u>1,231,063</u>	<u> </u>	<u>1,231,063</u>	<u>1,232,820</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 21,757</u>	<u>\$ (20,000)</u>	<u>\$ 1,757</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	55200-040-13-1000
Original Authorized Cost	\$ 1,010,000
Revised Authorized Cost	1,232,820
Percentage Increase over Original Authorized Cost	22.06%
Percentage Completion	100.00%
Original Target Completion Date	10/1/2013
Revised Target Completion Date	6/5/2014

F-1d

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY PROJECTS - ALL SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 471,598		\$ 471,598	\$ 471,598
Transfer from General Fund - Capital Reserve	407,398	\$ 2,000	409,398	409,398
Transfer from General Fund - Capital Outlay	300,000		300,000	300,000
Total Revenue and Other Financing Sources	<u>1,178,996</u>	<u>2,000</u>	<u>1,180,996</u>	<u>1,180,996</u>
Expenditures:				
Purchased Professional and Technical Services	34,275	1,025	35,300	98,000
Construction Services	977,904	165,908	1,143,812	1,082,996
Total Expenditures	<u>1,012,179</u>	<u>166,933</u>	<u>1,179,112</u>	<u>1,180,996</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 166,817</u>	<u>\$ (164,933)</u>	<u>\$ 1,884</u>	<u>\$ -0-</u>

Additional Project Information:

	5520-035-14-1004;
Project Number	1003; 1007; 1006
Grant Date	3/1/2014
Original Authorized Cost	\$ 1,178,996
Revised Authorized Cost	1,180,996
Percentage Increase over Original Authorized Cost	0.17%
Percentage Completion	99.84%
Original Target Completion Date	10/31/2014
Revised Target Completion Date	10/6/2015

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HVAC PROJECT - FLOCKTOWN ROAD SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 518,800		\$ 518,800	\$ 518,800
Transfer from General Fund - Capital Reserve	692,698	\$ 5,000	697,698	697,698
Transfer from General Fund - Capital Outlay	85,502	20,000	105,502	105,502
Total Revenue and Other Financing Sources	1,297,000	25,000	1,322,000	1,322,000
Expenditures:				
Purchased Professional and Technical Services	105,000		105,000	100,000
Construction Services	1,133,849	79,332	1,213,181	1,222,000
Total Expenditures	1,238,849	79,332	1,318,181	1,322,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 58,151	\$ (54,332)	\$ 3,819	\$ -0-

Additional Project Information:

Project Number	5520-030-13-2002
Grant Date	3/1/2014
Original Authorized Cost	\$ 1,297,000
Revised Authorized Cost	1,322,000
Percentage Increase over Original Authorized Cost	1.93%
Percentage Completion	99.71%
Original Target Completion Date	10/1/2014
Revised Target Completion Date	9/1/2015

F-1f

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROOF REPLACEMENT - OLD FARMER'S ROAD SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 415,890		\$ 415,890	\$ 415,890
Transfer from General Fund - Capital Outlay	623,835		623,835	623,835
Total Revenue and Other Financing Sources	1,039,725		1,039,725	1,039,725
Expenditures:				
Purchased Professional and Technical Services	93,000	\$ 4,086	97,086	93,000
Construction Services	703,833		703,833	946,725
Total Expenditures	796,833	4,086	800,919	1,039,725
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 242,892	\$ (4,086)	\$ 238,806	\$ -0-

Additional Project Information:

Project Number	5520-040-13-4001
Grant Date	3/1/2014
Original Authorized Cost	\$ 1,039,725
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	77.03%
Original Target Completion Date	10/1/2014
Revised Target Completion Date	3/1/2015

F-1g

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
AIR CONDITIONING PROJECT - OLD FARMER'S ROAD SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 39,992		\$ 39,992	\$ 39,992
Transfer from General Fund - Capital Reserve	59,989		59,989	59,989
Total Revenue and Other Financing Sources	99,981		99,981	99,981
Expenditures:				
Purchased Professional and Technical Services	7,500	\$ 3,000	\$ 10,500	10,500
Construction Services	25,245	53,755	79,000	89,481
Total Expenditures	32,745	56,755	89,500	99,981
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 67,236</u>	<u>\$ (56,755)</u>	<u>\$ 10,481</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	5520-040-14-1005
Grant Date	3/1/2014
Original Authorized Cost	\$ 99,981
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	89.52%
Original Target Completion Date	12/1/2014
Revised Target Completion Date	3/1/2016

PROPRIETARY FUNDS

Exhibit G-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:

Accounts Receivable:

State	\$ 252
Federal	3,800
Interfund Receivable	80,000
Other	17,815
Inventories	13,364
	<hr/>

Total Current Assets

115,231

Non-Current Assets:

Capital Assets	438,187
Less: Accumulated Depreciation	(357,753)
	<hr/>

Total Non-Current Assets

80,434

Total Assets

195,665

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	40,330
Interfund Payable	191,610
Unearned Revenue	24,727
	<hr/>

Total Current Liabilities

256,667

NET POSITION:

Investment in Capital Assets	80,434
Unrestricted/(Deficit)	(141,436)
	<hr/>

Total Net Position/(Deficit)

\$ (61,002)

Exhibit G-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 439,339
Daily Sales - Non-Reimbursable Programs	<u>13,727</u>
Total Operating Revenue	<u>453,066</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	124,949
Cost of Sales - Nonreimbursable Programs	73,382
Salaries, Benefits & Payroll Taxes	253,391
Professional and Technical Services	86,622
Repairs and Supplies	25,766
Depreciation Expense	<u>14,521</u>
Total Operating Expenses	<u>578,631</u>
Operating Loss	<u>(125,565)</u>
Non-Operating Revenue:	
State Sources	
State School Lunch Program	3,981
Federal Sources	
National School Lunch Program	59,282
Food Distribution Program	<u>41,661</u>
Total Non-Operating Revenue	<u>104,924</u>
Change in Net Position	(20,641)
Net Position/(Deficit) - Beginning of Year	<u>(40,361)</u>
Net Position/(Deficit) - End of Year	<u><u>\$ (61,002)</u></u>

Exhibit G-3

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 435,873
Payments to Employees/Benefits	(4,925)
Payments to Food Service Vendor	(488,035)
Payments to Suppliers	(7,551)
	<hr/>
Net Cash Used for Operating Activities	(64,638)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	64,638
	<hr/>
Net Cash Provided by Noncapital Financing Activities	64,638
	<hr/>
Net Increase in Cash and Cash Equivalents	-0-
	<hr/>
Cash and Cash Equivalents, July 1	-0-
	<hr/>
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (125,565)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	41,661
Depreciation	14,521
Changes in Assets and Liabilities:	
Decrease in Inventory	4,209
Decrease in Accounts Receivable	9,905
(Decrease) in Interfund Payable	(46,352)
Increase in Accounts Payable	39,835
(Decrease) in Unearned Revenue	(2,852)
	<hr/>
Net Cash Used for Operating Activities	<u>\$ (64,638)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$37,006 and used \$41,661 commodities valued at during the fiscal year.

Exhibit G-4

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Health Benefits</u>	<u>Transportation</u>	<u>Totals</u>
<u>ASSETS:</u>			
Current assets:			
Cash		\$ 2,095	\$ 2,095
Accounts receivable:			
Intergovernmental - Other		29,981	29,981
Other		46,206	46,206
Total current assets		78,282	78,282
Non-current assets:			
Capital assets		5,188,559	5,188,559
Less: accumulated depreciation		(2,519,483)	(2,519,483)
Total non-current assets		2,669,076	2,669,076
Total assets		2,747,358	2,747,358
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts payable - vendors		63,336	63,336
Interfund Payable		119,910	119,910
Total current liabilities		183,246	183,246
Capital Leases Payable		1,236,281	1,236,281
Total liabilities		1,419,527	1,419,527
<u>NET POSITION:</u>			
Net investment in capital assets		1,432,795	1,432,795
Unrestricted/(Deficit)		(104,964)	(104,964)
Total net position	\$ -0-	\$ 1,327,831	\$ 1,327,831

Exhibit G-5

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Health Benefits</u>	<u>Transportation</u>	<u>Totals</u>
Operating revenue:			
Local Sources:			
Charges and fees		\$ 3,803,236	\$ 3,803,236
Total operating revenue		<u>3,803,236</u>	<u>3,803,236</u>
Operating expenses:			
Salaries, benefits and payroll taxes		2,861,664	2,861,664
Professional and technical services		93,673	93,673
Maintenance		380,717	380,717
Supplies and materials		26,301	26,301
Interest Expense on Capital Leases		16,794	16,794
Depreciation		371,552	371,552
Total operating expenses		<u>3,750,701</u>	<u>3,750,701</u>
Operating income		<u>52,535</u>	<u>52,535</u>
Change in net position		52,535	52,535
Net position - beginning of year		<u>1,275,296</u>	<u>1,275,296</u>
Net position - end of year	<u>\$ -0-</u>	<u>\$ 1,327,831</u>	<u>\$ 1,327,831</u>

Exhibit G-6

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Health Benefits</u>	<u>Transportation</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from customers		\$ 3,761,167	\$ 3,761,167
Payments for health benefit claims and expenses	\$ (640,104)		(640,104)
Payments to suppliers		(3,436,140)	(3,436,140)
Net cash provided by/(used for) operating activities	(640,104)	325,027	(315,077)
Cash flows from capital and related financing activities:			
Purchases of Capital Assets		(15,904)	(15,904)
Capital lease payments		(307,028)	(307,028)
Net cash flows used for capital and related financing activities		(322,932)	(322,932)
Net increase/(decrease) in cash and cash equivalents	(640,104)	2,095	(638,009)
Cash and cash equivalents, July 1	640,104		640,104
Cash and cash equivalents, June 30	<u>\$ -0-</u>	<u>\$ 2,095</u>	<u>\$ 2,095</u>
Reconciliation of operating income/(loss) to net cash provided by/(used for) operating activities:			
Operating income/(loss)		\$ 52,535	\$ 52,535
Adjustment to reconcile operating income/(loss) to net cash provided by/(used for) operating activities:			
Depreciation		371,552	371,552
Interest Expense on Capital Leases		16,794	16,794
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable		(42,069)	(42,069)
Increase/(decrease) in accounts payable		6,596	6,596
Increase/(decrease) in Interfunds payable		(80,381)	(80,381)
Increase/(decrease) in estimated liability for health benefit claims	\$ (640,104)		(640,104.00)
Net cash provided by/(used for) operating activities	<u>\$ (640,104)</u>	<u>\$ 325,027</u>	<u>\$ (315,077)</u>

FIDUCIARY FUNDS

Exhibit H-1

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>			<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 35,314	\$ 252,976	\$ 288,290	\$ 2,701	\$ 656,296
Interfund Receivable					12,856
Total Assets	<u>35,314</u>	<u>252,976</u>	<u>288,290</u>	<u>2,701</u>	<u>669,152</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		235,392	235,392		
Interfund Payable		17,584	17,584		
Due to Student Groups	<u>35,314</u>		<u>35,314</u>		
Total Liabilities	<u>35,314</u>	<u>252,976</u>	<u>288,290</u>		
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims					669,152
Flexible Spending Claims				<u>2,701</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,701</u>	<u>\$ 669,152</u>

Exhibit H-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 63,347	\$ 43,817
Total Additions	<u>63,347</u>	<u>43,817</u>
DEDUCTIONS:		
Flexible Spending Claims	65,081	
Unemployment Compensation Claims		31,421
Total Deductions	<u>65,081</u>	<u>31,421</u>
Change in Net Position	(1,734)	12,396
Net Position - Beginning of the Year	<u>4,435</u>	<u>656,756</u>
Net Position - End of the Year	<u>\$ 2,701</u>	<u>\$ 669,152</u>

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 36,436	\$ 300,828	\$ 301,950	\$ 35,314
Total Assets	<u>\$ 36,436</u>	<u>\$ 300,828</u>	<u>\$ 301,950</u>	<u>\$ 35,314</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 36,436	\$ 300,828	\$ 301,950	\$ 35,314
Total Liabilities	<u>\$ 36,436</u>	<u>\$ 300,828</u>	<u>\$ 301,950</u>	<u>\$ 35,314</u>

Exhibit H-4

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Schools:				
Long Valley Middle School	\$ 28,471	\$ 262,084	\$ 262,760	\$ 27,795
Flocktown Kossmann School	2,627	18,799	18,435	2,991
Old Farmers Road School	2,064	5,970	7,801	233
Cucinella School	3,274	13,975	12,954	4,295
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 36,436</u>	<u>\$ 300,828</u>	<u>\$ 301,950</u>	<u>\$ 35,314</u>

Exhibit H-5

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 25,711	\$ 35,905,937	\$ 35,678,672	\$ 252,976
Total Assets	<u>\$ 25,711</u>	<u>\$ 35,905,937</u>	<u>\$ 35,678,672</u>	<u>\$ 252,976</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 1,277	\$ 35,888,353	\$ 35,654,238	\$ 235,392
Interfund Payable	24,434	17,584	24,434	17,584
Total Liabilities	<u>\$ 25,711</u>	<u>\$ 35,905,937</u>	<u>\$ 35,678,672</u>	<u>\$ 252,976</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016			Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Date	Amount					
Refunding of 2003 Bonds	8/15/2010	\$ 12,260,000	7/15/2016	\$ 1,135,000		\$ 10,980,000	\$ 1,095,000	\$ 9,885,000	
			7/15/2017	1,170,000					
			7/15/2018	1,205,000					
			7/15/2019	1,240,000					
			7/15/2020	1,250,000					
			7/15/2021	1,320,000					
			7/15/2022	1,350,000					
			7/15/2023	1,215,000					
						<u>\$ 10,980,000</u>	<u>\$ 1,095,000</u>	<u>\$ 9,885,000</u>	

Exhibit I-2

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2016</u>
<u>General Fund:</u>						
Technology	1.05%	\$ 360,977	\$ 120,321		\$ 120,321	
Technology	1.067%	395,891	262,977		130,922	\$ 132,055
Technology	1.312%	486,191		\$ 486,191	164,181	322,010
Total General Fund			383,298	486,191	415,424	454,065
<u>Internal Service Fund:</u>						
Buses	2.75%	\$ 330,195	34,664		34,664	
Buses	2.77%	371,956	129,761		77,132	52,629
Buses	1.067%	463,129	368,855		90,752	278,103
Van	2.16%	62,119	62,119		12,406	49,713
Bus	2.30%	98,529	98,529		18,820	79,709
Bus	2.30%	98,529	98,529		18,820	79,709
Bus	2.30%	98,529	98,529		18,820	79,709
Bus	2.30%	98,529	98,529		18,820	79,709
Buses	1.66%	537,000		537,000		537,000
Total Internal Service Fund			989,515	537,000	290,234	1,236,281
Total Capital Leases			\$ 1,372,813	\$ 1,023,191	\$ 705,658	\$ 1,690,346

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,473,449		\$ 1,473,449	\$ 1,473,449	
Total Revenue	<u>1,473,449</u>		<u>1,473,449</u>	<u>1,473,449</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	378,450		378,450	378,450	
Redemption of Principal	<u>1,095,000</u>		<u>1,095,000</u>	<u>1,095,000</u>	
Total Regular Debt Service	<u>1,473,450</u>		<u>1,473,450</u>	<u>1,473,450</u>	
Total Expenditures	<u>1,473,450</u>		<u>1,473,450</u>	<u>1,473,450</u>	
Deficit of Revenues Under Expenditures	<u>(1)</u>		<u>(1)</u>	<u>(1)</u>	
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance/(Deficit), June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 24,044,173	\$ 28,844,793	\$ 29,547,500	\$ 29,820,731	\$ 30,857,372	\$ 31,080,218	\$ 30,550,534	\$ 30,705,497	\$ 32,929,331	\$ 33,572,340
Restricted	2,193,842	1,435,940	1,208,618	1,129,535	1,352,692	2,052,893	2,577,921	1,924,520	2,289,164	1,240,224
Unrestricted/(Deficit)	595,139	1,763,818	1,634,653	1,817,997	1,894,687	2,242,460	2,135,189	(12,678,217)	(14,871,251)	(14,156,191)
Total Governmental Activities Net Position	\$ 26,833,154	\$ 32,044,551	\$ 32,390,771	\$ 32,768,263	\$ 34,104,751	\$ 35,375,571	\$ 35,263,644	\$ 19,951,800	\$ 20,347,244	\$ 20,656,373
Business-type Activities										
Net Investment in Capital Assets	\$ 5,928	\$ 5,270	\$ 5,270	\$ 46,208	\$ 61,923	\$ 56,308	\$ 112,125	\$ 106,226	\$ 94,955	\$ 80,434
Unrestricted/(Deficit)	78,414	31,262	19,390	(38,507)	(53,421)	(89,027)	(204,182)	(218,697)	(135,316)	(141,436)
Total Business-type Activities Net Position/(Deficit)	\$ 84,342	\$ 36,532	\$ 24,660	\$ 7,701	\$ 8,502	\$ (32,719)	\$ (92,057)	\$ (112,471)	\$ (40,361)	\$ (61,002)
District-wide										
Net Investment in Capital Assets	\$ 24,050,101	\$ 28,850,063	\$ 29,552,770	\$ 29,866,939	\$ 30,919,295	\$ 31,136,526	\$ 30,662,659	\$ 30,811,723	\$ 33,024,286	\$ 33,652,774
Restricted	2,193,842	1,435,940	1,208,618	1,129,535	1,352,692	2,052,893	2,577,921	1,924,520	2,289,164	1,240,224
Unrestricted/(Deficit)	673,553	1,795,080	1,654,043	1,779,490	1,841,266	2,153,433	1,931,007	(12,896,914)	(15,006,567)	(14,297,627)
Total District Net Position	\$ 26,917,496	\$ 32,081,083	\$ 32,415,431	\$ 32,775,964	\$ 34,113,253	\$ 35,342,852	\$ 35,171,587	\$ 19,839,329	\$ 20,306,883	\$ 20,595,371

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction:										
Regular	\$ 17,054,307	\$ 17,688,696	\$ 17,042,515	\$ 17,900,073	\$ 16,712,610	\$ 16,665,731	\$ 16,799,927	\$ 17,115,111	\$ 19,089,714	\$ 19,823,737
Special Education	4,204,788	4,371,942	4,623,113	4,817,967	5,632,970	5,875,949	6,165,305	6,615,956	7,893,868	8,659,630
Other Special Education	1,122,137	999,429	922,543	961,370	903,838	961,972	1,076,548	1,120,353	1,653,039	1,704,964
School Sponsored/Other Instruction	172,415	174,735	171,935	201,790	165,596	179,632	213,603	249,056	334,792	352,981
Support Services:										
Tuition	1,109,851	1,420,506	1,791,074	1,459,238	1,208,991	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551
Student & Instruction Related Services	5,754,136	6,020,895	7,074,509	7,393,373	6,637,865	6,785,354	6,852,635	7,232,507	8,021,352	8,678,706
General Administrative Services	915,318	970,440	1,082,930	1,125,046	866,972	859,754	854,868	790,069	861,609	899,002
School Administrative Services	1,815,731	1,833,956	1,855,950	2,081,896	1,507,199	1,598,289	1,950,083	1,680,145	2,084,284	1,814,291
Central Services	618,078	612,470	502,175	630,956	658,446	683,140	694,031	720,253	729,583	781,993
Technology Services	41,217	63,052	76,258	100,536	27,546	12,653	8,071	11,731	6,057	45,747
Plant Operations and Maintenance	3,540,834	3,689,805	3,887,870	3,258,174	3,580,476	3,706,303	3,727,211	3,993,337	4,265,266	4,419,113
Pupil Transportation	4,618,440	4,441,815	4,971,146	4,919,305	4,782,123	4,695,551	5,307,703	4,898,277	4,958,457	4,683,483
Interest on Long-term Debt	766,100	728,719	697,613	673,882	590,046	562,715	529,215	476,752	440,843	402,967
Transfer to Charter School	13,498	8,357	39,422	31,982	71,417	153,235	116,080	93,182	79,771	70,887
Capital Outlay	776	575,025	16,049		50,316	148,931	141,310	1,594,755	41,548	
Total Governmental Activities Expenses	41,747,626	43,599,842	44,755,102	45,555,588	43,396,411	44,344,673	45,914,937	47,874,839	51,798,652	53,427,052
Business-type Activities:										
Food Service	679,399	686,917	690,077	724,900	751,327	749,944	670,954	646,701	590,276	578,631
Total Business-type Activities Expense	679,399	686,917	690,077	724,900	751,327	749,944	670,954	646,701	590,276	578,631
Total District Expenses	42,427,025	44,286,759	45,445,179	46,280,488	44,147,738	45,094,617	46,585,891	48,521,540	52,388,928	54,005,683
Program Revenues										
Governmental Activities:										
Charges for Services:										
Pupil Transportation	1,287,643	948,360	1,169,059	1,137,693	1,123,476	1,062,050	989,994	1,052,689	1,101,469	1,303,236
Operating Grants and Contributions	12,188,898	12,758,706	12,227,480	12,667,776	11,202,717	12,166,067	13,166,080	12,465,798	17,282,809	19,075,209
Total Governmental Activities Program Revenues	13,476,541	13,707,066	13,396,539	13,805,469	12,326,193	13,228,117	14,156,074	13,518,487	18,384,278	20,378,445

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type Activities:										
Charges for Services										
Food Service	\$ 546,255	\$ 560,793	\$ 599,348	\$ 611,769	\$ 638,552	\$ 606,591	\$ 505,557	\$ 514,929	\$ 483,787	\$ 453,066
Operating Grants and Contributions	61,672	78,314	78,857	96,172	113,576	102,132	106,059	111,358	103,599	104,924
Total Business-type Activities Program Revenues	607,927	639,107	678,205	707,941	752,128	708,723	611,616	626,287	587,386	557,990
Total District Program Revenues	14,084,468	14,346,173	14,074,744	14,513,410	13,078,321	13,936,840	14,767,690	14,144,774	18,971,664	20,936,435
Net (Expense)/Revenue:										
Governmental Activities	(28,271,085)	(29,892,776)	(31,358,563)	(31,750,119)	(31,070,218)	(31,116,556)	(31,758,863)	(34,356,352)	(33,414,374)	(33,048,607)
Business-type Activities	(71,472)	(47,810)	(11,872)	(16,959)	801	(41,221)	(59,338)	(20,414)	(2,890)	(20,641)
Total District-wide Net Expense	(28,342,557)	(29,940,586)	(31,370,435)	(31,767,078)	(31,069,417)	(31,157,777)	(31,818,201)	(34,376,766)	(33,417,264)	(33,069,248)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	26,744,883	29,346,843	29,854,882	30,279,036	30,487,832	30,705,982	30,409,527	30,565,878	31,128,290	31,549,550
Taxes Levied for Debt Service	1,505,937	1,508,656	1,504,050	1,501,120	1,510,490	1,424,176	1,474,574	1,477,238	1,481,324	1,473,449
Unrestricted Grants and Contributions				135,600	210,932			453,893	1,077,663	112,689
Adjustment to Fixed Asset Appraisal Report		4,018,937								
Miscellaneous Income	513,737	229,737	345,851	211,855	197,452	257,218	228,548	235,325	197,541	222,048
Transfers									(75,000)	
Total Governmental Activities	28,764,557	35,104,173	31,704,783	32,127,611	32,406,706	32,387,376	32,112,649	32,732,334	33,809,818	33,357,736
Business-type Activities:										
Transfers									75,000	
Total Business-type Activities									75,000	
Total District-wide	28,764,557	35,104,173	31,704,783	32,127,611	32,406,706	32,387,376	32,112,649	32,732,334	33,884,818	33,357,736
Change in Net Position:										
Governmental Activities	493,472	5,211,397	346,220	377,492	1,336,488	1,270,820	353,786	(1,624,018)	395,444	309,129
Business-type Activities	(71,472)	(47,810)	(11,872)	(16,959)	801	(41,221)	(59,338)	(20,414)	72,110	(20,641)
Total District	\$ 422,000	\$ 5,163,587	\$ 334,348	\$ 360,533	\$ 1,337,289	\$ 1,229,599	\$ 294,448	\$ (1,644,432)	\$ 467,554	\$ 288,488

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved/Restricted	\$ 1,893,245	\$ 1,123,221	\$ 1,111,624	\$ 748,355	\$ 1,252,014	\$ 1,077,240	\$ 1,422,354	\$ 429,776	\$ 640,211	\$ 1,140,311
Assigned					953,268	1,247,201	617,523	997,652	1,136,067	1,085,312
Unassigned					523,304	286,616	610,445	474,683	306,044	267,316
Unreserved	485,888	2,022,580	1,850,122	1,415,793						
Total General Fund	<u>\$ 2,379,133</u>	<u>\$ 3,145,801</u>	<u>\$ 2,961,746</u>	<u>\$ 2,164,148</u>	<u>\$ 2,728,586</u>	<u>\$ 2,611,057</u>	<u>\$ 2,650,322</u>	<u>\$ 1,902,111</u>	<u>\$ 2,082,322</u>	<u>\$ 2,492,939</u>
All Other Governmental Funds										
Reserved/Restricted					\$ 48,897		\$ 1,155,567	\$ 1,494,742	\$ 512,886	\$ 99,913
Committed										185,217
Unreserved, Reported in:										
Capital Projects Fund	\$ 300,596	\$ 312,718	\$ 96,994	\$ 550,775	348,908	\$ 975,653				
Debt Service Fund	1	1						2		
Total All Other Governmental Funds	<u>\$ 300,597</u>	<u>\$ 312,719</u>	<u>\$ 96,994</u>	<u>\$ 550,775</u>	<u>\$ 397,805</u>	<u>\$ 975,653</u>	<u>\$ 1,155,567</u>	<u>\$ 1,494,744</u>	<u>\$ 512,886</u>	<u>\$ 285,130</u>
Total All Funds	<u>\$ 2,679,730</u>	<u>\$ 3,458,520</u>	<u>\$ 3,058,740</u>	<u>\$ 2,714,923</u>	<u>\$ 3,126,391</u>	<u>\$ 3,586,710</u>	<u>\$ 3,805,889</u>	<u>\$ 3,396,855</u>	<u>\$ 2,595,208</u>	<u>\$ 2,778,069</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 28,250,820	\$ 30,855,499	\$ 31,358,932	\$ 31,780,156	\$ 31,998,322	\$ 32,130,158	\$ 31,884,101	\$ 32,043,116	\$ 32,609,614	\$ 33,022,999
Miscellaneous	513,737	266,789	417,541	252,103	277,084	305,345	331,301	235,325	235,514	258,713
State Sources	11,604,842	11,988,033	11,526,107	10,754,649	10,452,814	11,094,759	12,429,866	12,295,444	13,432,097	13,080,202
Federal Sources	584,056	733,621	629,683	2,008,480	881,202	1,023,181	633,461	624,247	624,220	639,034
Total Revenue	40,953,455	43,843,942	43,932,263	44,795,388	43,609,422	44,553,443	45,278,729	45,198,132	46,901,445	47,000,948
Expenditures										
Instruction										
Regular Instruction	12,672,816	12,987,762	12,596,892	13,155,847	12,231,631	12,195,419	12,164,627	12,198,315	12,243,182	12,183,304
Special Education Instruction	3,053,436	3,108,938	3,411,229	3,502,882	4,413,320	4,257,146	4,431,552	4,620,921	4,883,954	5,165,139
Other Special Instruction	805,093	707,383	668,059	687,152	642,785	687,529	760,896	777,184	1,018,631	1,008,048
School Sponsored/Other Instruction	127,879	127,450	128,516	145,636	120,880	131,483	155,468	176,164	213,170	215,213
Support Services:										
Tuition	1,109,851	1,420,506	1,791,074	1,459,238	1,208,991	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551
Student & Instruction Related Services	4,362,698	4,506,142	5,019,833	5,228,658	4,617,999	4,773,823	4,794,883	4,973,116	5,134,433	5,373,378
General Administrative Services	770,436	780,805	931,443	966,530	700,404	692,228	678,725	621,384	629,117	653,781
School Administrative Services	1,316,825	1,278,486	1,352,628	1,352,817	1,260,703	1,280,456	1,353,596	1,275,265	1,342,378	1,328,797
Central Services	447,541	444,081	444,858	459,732	484,449	503,913	500,890	513,563	462,632	477,691
Administrative Information Technology	41,217	45,511	59,292	82,219	27,546	12,653	8,071	11,731	6,057	1,845
Plant Operations and Maintenance	2,984,111	3,076,444	3,235,247	3,036,578	2,915,731	3,035,423	3,021,373	3,221,414	3,195,769	3,180,603
Pupil Transportation	3,328,837	3,377,858	3,831,386	3,428,405	3,288,598	3,251,261	3,245,398	3,000,524	2,854,026	2,823,051
Unallocated Benefits	9,852,868	10,123,134	9,189,626	9,680,503	9,272,562	9,655,415	10,059,386	9,430,757	9,867,408	11,301,551
Transfer to Charter Schools	13,498	8,357	39,422	31,982	71,417	153,235	116,080	93,182	79,771	70,887
Capital Outlay	405,229	1,362,697	884,032	354,333	544,918	534,603	1,414,766	1,633,739	2,877,770	957,989
Debt Service:										
Principal	727,600	767,700	794,200	815,000	850,000	950,000	985,000	1,025,000	1,065,000	1,095,000
Interest and Other Charges	778,338	740,956	709,851	686,120	611,593	523,073	489,573	452,237	416,325	378,450
Total Expenditures	42,798,273	44,864,210	45,087,588	45,073,632	43,263,527	44,093,124	45,658,631	45,307,851	47,628,092	47,304,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,844,818)	(1,020,268)	(1,155,325)	(278,244)	345,895	460,319	(379,902)	(109,719)	(726,647)	(303,330)

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Transfers In	\$ 1,046,493	\$ 1,247,789	\$ 971,272	\$ 561,154		\$ 1,148,409	\$ 1,198,000	\$ 1,702,905	\$ 709,337	
Transfers Out	(11,176)		(215,727)	(561,154)		(1,148,409)	(1,198,000)	(1,702,905)	(784,337)	
Capital Leases (Non-budgeted)		5,511,269					599,081			486,191
Total Other Financing Sources (Uses)	<u>1,035,317</u>	<u>6,759,058</u>	<u>755,545</u>				<u>599,081</u>		<u>(75,000)</u>	<u>486,191</u>
Net Change in Fund Balances	<u>\$ (809,501)</u>	<u>\$ 5,738,790</u>	<u>\$ (399,780)</u>	<u>\$ (278,244)</u>	<u>\$ 345,895</u>	<u>\$ 460,319</u>	<u>\$ 219,179</u>	<u>\$ (109,719)</u>	<u>\$ (801,647)</u>	<u>\$ 182,861</u>
Debt Service as a Percentage of Noncapital Expenditures	3.7%	3.6%	3.5%	3.5%	3.5%	3.5%	3.4%	3.5%	3.4%	3.3%

Exhibit J-5

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals- Use</u> <u>of Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 117,291	\$ 30,645	\$ 21,120	\$ 161,879	\$ 330,935
2008	59,284	42,428	45,338	69,455	216,505
2009	12,530	40,477	177,804	115,037	345,848
2010	10,838	30,680	123,387	21,914	186,819
2011	6,234	20,975	26,888	143,355	197,452
2012	6,222	21,035	116,402	113,559	257,218
2013	3,612	35,935	88,299	100,702	228,548
2014	3,017	21,035	116,402	39,453	179,907
2015	2,306	17,550	114,267	63,418	197,541
2016	9,955	19,561	84,099	104,347	217,962

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

Year Ended December 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	School Tax Rate ^b	(County Equalized Value)
2006	\$ 31,758,300	\$ 1,489,298,800	\$ 66,290,600	\$ 4,286,600	\$ 53,262,800	\$ 24,780,800	\$ 20,609,900	\$ 1,690,287,800	\$ 129,578,500	\$ 2,743,685	\$ 1,693,031,485	1.68	\$ 2,905,768,742
2007	26,385,200	1,518,906,600	69,614,900	4,218,000	56,861,500	22,597,500	20,332,800	1,718,916,500	221,552,000	2,487,616	1,721,404,116	1.72	3,261,008,519
2008*	61,154,900	2,824,089,600	131,760,300	4,264,200	113,518,400	38,803,500	43,258,300	3,216,849,200	263,564,200	4,703,377	3,221,552,577	0.97	3,372,634,572
2009	54,480,100	2,841,182,400	130,062,400	4,154,100	132,149,800	38,803,500	43,258,300	3,244,090,600	266,814,300	4,241,728	3,248,332,328	0.97	3,380,843,416
2010	38,072,900	2,462,010,400	113,484,900	4,137,400	126,955,200	34,966,600	36,148,000	2,815,775,400	243,749,600	4,740,622	2,820,516,022	1.13	3,313,749,445
2011	36,687,200	2,467,409,800	115,743,900	4,396,700	125,513,400	34,966,600	35,481,100	2,820,198,700	244,640,300	4,384,292	2,824,582,992	1.14	3,152,132,846
2012	34,941,700	2,469,983,800	115,719,400	4,328,500	122,484,700	34,966,600	35,430,900	2,817,855,600	248,566,600	4,013,846	2,821,869,446	1.14	3,051,555,188
2013	31,560,000	2,478,920,800	115,230,000	4,334,500	119,232,700	34,966,600	35,358,200	2,819,602,800	252,694,900	1,383,066	2,820,985,866	1.13	2,896,200,018
2014	30,285,400	2,473,660,800	115,685,500	4,434,000	119,360,900	32,800,100	35,358,200	2,811,584,900	253,470,500	939,069	2,812,523,969	1.15	2,795,635,987
2015	29,795,600	2,472,018,300	114,769,000	4,412,000	115,548,400	32,800,100	35,358,200	2,804,701,600	254,218,200	935,217	2,805,636,817	1.69	2,843,585,328

* Year in which revaluation became effective.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Exhibit J-7

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

Year Ended December 31,	Washington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Washington Township	Morris County	
2006	\$ 0.92	\$ 0.05	\$ 1.68	\$ 0.56	\$ 0.43	\$ 2.67
2007	1.64	0.08	1.72	0.58	0.45	2.75
2008	* 0.92	0.05	0.97	0.32	0.24	1.53
2009	0.93	0.05	0.97	0.33	0.24	1.54
2010	1.08	0.05	1.13	0.40	0.27	1.80
2011	1.08	0.05	1.14	0.40	0.27	1.80
2012	1.08	0.05	1.14	0.41	0.27	1.81
2013	1.08	0.05	1.13	0.42	0.26	1.81
2014	1.10	0.05	1.15	0.43	0.26	1.84
2015	1.62	0.07	1.69	0.44	0.25	2.38

* Year in which revaluation became effective.

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Heath Village	\$ 21,761,200	0.78%	Heath Village	\$ 13,931,000	0.81%
Target Corp	15,900,000	0.57%	Kings Highway Company LLC	6,849,400	0.40%
2085 Realty Partners	12,519,100	0.45%	Peachtree Village	5,800,000	0.34%
Peachtree Village	10,250,000	0.37%	Individual Taxpayer #1	5,094,100	0.30%
Bay Ridge Motor Sales	7,940,000	0.28%	The Great Atlantic & Pacific Tea Co	4,350,000	0.25%
Transistor Devices	6,841,200	0.25%	Transistor Devices	4,302,200	0.25%
Amerace ESNA Corp	6,178,400	0.22%	Toll NJ IV, LP	3,727,200	0.22%
Black Oak Golf Club	6,036,500	0.22%	Amerace ESNA Corp	3,600,000	0.21%
Columbia Gas Trans.	5,872,300	0.21%	Columbus Gas Trans.	3,481,000	0.20%
Long Valley Shopping Center	5,500,000	0.20%	Individual Taxpayer #2	2,379,400	0.14%
Total	\$ 98,798,700	3.55%		\$ 53,514,300	3.12%

Source: Municipal Tax Assessor

Note - A revaluation was effective in 2008.

Exhibit J-9

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2007	\$ 28,452,787	\$ 28,452,787	100.00%	-0-
2008	30,855,499	30,855,499	100.00%	-0-
2009	31,358,932	31,358,932	100.00%	-0-
2010	31,780,156	31,780,156	100.00%	-0-
2011	31,998,322	31,998,322	100.00%	-0-
2012	32,130,158	32,130,158	100.00%	-0-
2013	31,884,101	31,884,101	100.00%	-0-
2014	32,043,116	32,043,116	100.00%	-0-
2015	32,609,614	32,609,614	100.00%	-0-
2016	33,022,999	33,022,999	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2007	\$ 17,676,900		\$ 558,186	\$ 18,235,086	1.38%	\$ 997.60
2008	16,909,200		846,058	17,755,258	1.35%	971.35
2009	16,115,000		773,828	16,888,828	1.24%	922.74
2010	15,300,000		1,051,705	16,351,705	1.26%	891.78
2011	15,005,000		928,970	15,933,970	1.18%	858.56
2012	14,055,000		885,698	14,940,698	1.05%	800.81
2013	13,070,000		927,427	13,997,427	0.95%	747.13
2014	12,045,000		776,740	12,821,740	0.87%	684.37
2015	10,980,000		1,372,813	12,352,813	0.80%	659.38
2016	9,885,000		1,586,448	11,471,448	0.74%	611.75

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 17,676,900		\$ 17,676,900	1.044%	\$ 967.06
2008	16,909,200		16,909,200	0.982%	925.06
2009	16,115,000		16,115,000	0.500%	880.46
2010	15,300,000		15,300,000	0.471%	834.42
2011	15,005,000		15,005,000	0.532%	808.50
2012	14,055,000		14,055,000	0.498%	753.34
2013	13,070,000		13,070,000	0.463%	697.62
2014	12,045,000		12,045,000	0.427%	642.64
2015	10,980,000		10,980,000	0.390%	586.10
2016	9,885,000		9,885,000	0.352%	527.14

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using population and net valuation taxable for the prior calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population and net valuation taxable for the prior calendar year.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Washington Township	\$ 10,740,000	100.00%	\$ 10,740,000
Morris County General Obligation Debt	226,745,317	3.54%	8,026,784
West Morris Regional High School District	16,375,000	10.31%	<u>1,688,263</u>
Subtotal, overlapping debt			20,455,047
Washington Township School District Direct Debt			<u>9,885,000</u>
Total direct and overlapping debt			<u>\$ 30,340,047</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 \$ 2,842,650,111
	2014 2,794,696,918
	2013 2,815,379,531
	<u>\$ 8,452,726,560</u>
Average equalized valuation of taxable property	<u>\$ 2,817,575,520</u>
Debt limit (3% of average equalization value)	84,527,266 a
Net bonded school debt	<u>9,885,000</u>
Legal debt margin	<u>\$ 74,642,266</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 86,118,573	\$ 92,218,734	\$ 98,661,977	\$ 99,644,935	\$ 97,770,576	\$ 94,794,426	\$ 93,420,817	\$ 93,645,417	\$ 84,981,113	\$ 84,527,266
Total net debt applicable to limit	<u>17,676,900</u>	<u>16,909,200</u>	<u>16,115,000</u>	<u>15,300,000</u>	<u>15,005,000</u>	<u>14,055,000</u>	<u>13,070,000</u>	<u>12,045,000</u>	<u>10,980,000</u>	<u>9,885,000</u>
Legal debt margin	<u>\$ 68,441,673</u>	<u>\$ 75,309,534</u>	<u>\$ 82,546,977</u>	<u>\$ 84,344,935</u>	<u>\$ 82,765,576</u>	<u>\$ 80,739,426</u>	<u>\$ 80,350,817</u>	<u>\$ 81,600,417</u>	<u>\$ 74,001,113</u>	<u>\$ 74,642,266</u>
Total net debt applicable to the limit as a percentage of debt limit	20.53%	18.34%	16.33%	15.35%	15.35%	14.83%	13.99%	12.86%	12.92%	11.69%

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

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

Exhibit J-14

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

<u>Year</u>	<u>Township Population^a</u>	<u>Morris County Per Capita Personal Income^b</u>	<u>Township Personal Income (a*b)</u>	<u>Township Unemployment Rate^c</u>
2006	18,296	\$ 68,495	\$ 1,253,184,520	3.20%
2007	18,279	72,211	1,319,944,869	2.90%
2008	18,303	74,636	1,366,062,708	3.90%
2009	18,336	70,516	1,292,981,376	6.60%
2010	18,559	72,780	1,350,724,020	6.70%
2011	18,657	76,194	1,421,551,458	6.50%
2012	18,735	78,693	1,474,313,355	6.50%
2013	18,743	79,094	1,482,458,842	5.00%
2014	18,734	82,810	1,551,362,540	4.60%
2015	18,752	82,810 *	1,552,853,120	4.30%

* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

Source:

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

^b Personal Income by county from the Bureau of Economic Analysis

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

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

Employer	2016		Employer	2007	
	Employees	Percentage Total		Employees	Percentage Total
U.S. Army Aramament R&D	6,000	2.31%	Novartis Corporation	5,000	N/A
Atlantic Health	5,171	1.99%	Atlantic Health Systems	4,045	N/A
Novartis Corporation	4,622	1.78%	Picatinny Arsenal	3,412	N/A
Bayer Healthcare, LLC	2,800	1.08%	Morris County	2,170	N/A
County of Morris	1,757	0.68%	Lucent Technologies	1,983	N/A
Wyndham Worldwide Corporation	1,626	0.63%	United Parcel Service	1,941	N/A
Accenture	1,561	0.60%	Wyndham Worldwide	1,371	N/A
St. Clare's	1,504	0.58%	Greystone Psychiatric	1,296	N/A
BASF	1,500	0.58%	Tiffany & Company	1,200	N/A
PricewaterhouseCoopers	1,360	0.52%	Accenture	1,200	N/A
	<u>27,901</u>	<u>10.74%</u>		<u>23,618</u>	<u>0.00%</u>
Total Employment *	<u>259,756</u>		Total Employment *	<u>N/A</u>	

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

Source: Morris County Treasurer's Office

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	184	186	180	182	160	153	151	146	146	144
Special education	81	106	106	108	113	123	122	115	126	127
Support Services:										
Student & instruction related services	46	24	24	20	20	54	55	56	56	56
School administrative services	19	19	19	20	18	20	20	19	19	19
General administrative services	7	3	3	7	7	7	7	6	5	5
Plant operations and maintenance	29	28	28	26	26	26	26	28	28	28
Pupil transportation	41	41	42	42	38	39	39	38	37	38
Business and other support services	7	7	7	7	7	7	7	6	6	6
Food Service	4	4	4	4	4	4	4	2	1	
Total	<u>418</u>	<u>418</u>	<u>413</u>	<u>416</u>	<u>393</u>	<u>433</u>	<u>431</u>	<u>416</u>	<u>424</u>	<u>423</u>

Source: District Personnel Records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	2,948	\$ 40,887,106	\$ 13,869	11.15%	244	1:13	1:12	2,901	2,788	-0.51%	96.10%
2008	2,900	41,992,857	14,480	4.40%	247	1:13	1:12	2,875	2,753	-0.90%	95.76%
2009	2,878	42,699,505	14,837	2.46%	245	1:13	1:12	2,825	2,704	-1.74%	95.72%
2010	2,770	43,218,179	15,602	5.16%	235	1:13	1:12	2,738	2,615	-3.08%	95.51%
2011	2,687	41,257,016	15,354	-1.59%	230	1:13	1:12	2,660	2,543	-2.85%	95.60%
2012	2,576	42,085,448	16,338	6.40%	219	1:13	1:12	2,549	2,440	-4.17%	95.72%
2013	2,472	42,769,292	17,301	5.90%	219	1:13	1:12	2,463	2,348	-3.37%	95.33%
2014	2,357	42,196,875	17,903	3.48%	217	1:13	1:12	2,344	2,236	-4.83%	95.39%
2015	2,296	43,268,997	18,845	5.27%	216	1:13	1:12	2,280	2,180	-2.73%	95.61%
2016	2,197	44,872,839	20,425	8.38%	240	1:13	1:12	2,204	2,108	-3.33%	95.64%

Sources: Washington Township School District records

Note: Enrollment based on annual October district count.

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

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

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Flocktown-Kossmann School (1969-1979)										
Square Feet	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	658	633	629	601	576	560	540	501	501	494
Old Farmers School (1969)										
Square Feet	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	455	460	461	457	430	417	392	358	358	329
Long Valley Middle School North and South (1949)										
Square Feet	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105
Capacity (students)	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190
Enrollment	1,051	1,041	1,030	1,010	996	964	951	892	892	868
Cucinella School (2006)										
Square Feet	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541
Capacity (students)	748	748	748	748	748	748	748	748	748	748
Enrollment	749	728	717	672	653	602	588	521	521	506
Administration Building (1954)										
Square Feet	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730
Number of Schools at June 30, 2016										
Elementary = 3										
Middle School = 1										
High School = 0										

Source: Washington Township School District Facilities Office

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

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

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

School Facilities	Projects #	Fiscal Year Ended June 30,									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Board of Education	N/A	\$ 4,663	\$ 3,821	\$ 3,689	\$ 3,225	\$ 2,835	\$ 2,398	\$ 2,787	\$ 2,087	\$ 2,209	\$ 2,480
Flocktown Road School	N/A	43,423									
Kossmann School	N/A	45,324									
Flocktown-Kossmann School	N/A		87,063	71,429	99,676	74,460	137,041	145,230	101,154	201,235	166,131
Old Farmers School	N/A	68,623	55,231	56,938	55,026	49,202	102,161	125,989	107,300	70,634	79,350
Long Valley Middle School	N/A	182,155	147,225	194,077	131,522	117,803	216,711	159,871	285,625	205,021	264,970
Cucinella School	N/A	45,640	103,090	104,477	85,202	71,100	184,312	123,742	88,830	99,014	103,443
Total		<u>\$ 389,828</u>	<u>\$ 396,431</u>	<u>\$ 430,610</u>	<u>\$ 374,651</u>	<u>\$ 315,400</u>	<u>\$ 642,623</u>	<u>\$ 557,619</u>	<u>\$ 584,996</u>	<u>\$ 578,113</u>	<u>\$ 616,374</u>

In fiscal year 2008, Flocktown Road School and Kossmann School were combined into one reporting location.
 Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
American Zurich Insurance Company		
Property - Blanket Building and Contents	\$ 86,075,358	\$ 5,000
Commercial General Liability	1,000,000	
Comprehensive Automotive Liability	1,000,000	
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Comprehensive Crime Coverage, Forgery or Alteration	50,000	1,000
Comprehensive Crime, Computer Fraud	50,000	1,000
Computer and Scheduled Equipment - American Zurich Insurance Company		
EDP	3,000,000	1,000
Contractor's Equipment	10,000	1,000
Cameras, Musical Instruments	250,000	1,000
Boiler and Machinery - American Zurich Insurance Company		
Property Damage	30,000,000	5,000
Umbrella Liability		
Umbrella Policy - American Guarantee & Liability Insurance Company	10,000,000	10,000
Excess Liability - Torus/ Markel (NJUEP)	50,000,000	
School Board Legal Liability - Northern Insurance Company of NY		
Educator's Legal Liability	1,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond		
Treasurer of School Monies	280,000	
Board Secretary	10,000	
Special Risks		
Flood/Earthquake - American Zurich Insurance Company		
Per Property Limit Flood	5,000,000	Varies
Per Property Limit Earthquake	5,000,000	5,000
Volunteers - Chubb	5,000	
Environmental - American Zurich Insurance Company	1,000,000	5,000
Cyber & Technology - XL Caitlin		
Combined Policy Aggregate Limit	2,000,000	15,000
Morris Essex Insurance Group:		
Worker's Compensation:		
(a) Statutory Benefits	Included	
(b) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District, in the County of Morris (the "District") 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, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 4, 2016
Mount Arlington, New Jersey


NISIVOCCIA LLP



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



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Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Washington Township School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major State Program

In our opinion, the 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 fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 NJOMB 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 the 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 4, 2016
Mount Arlington, New Jersey


NISIVOCCHIA LLP


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

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Accounts Receivable/ (Unearned Revenue) 6/30/15	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance 6/30/16		Due to Grantor 6/30/16	Amounts Paid to Subrecipients
										Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.550	N/A	7/1/15-6/30/16	\$ 37,006			\$ 37,006	\$ (31,812)			\$ 5,194		
Federal Food Distribution Program	10.550	N/A	7/1/14-6/30/15	41,849	\$ (9,849)			(9,849)					
Total Food Distribution					(9,849)		37,006	(41,661)			5,194		
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	59,282			55,482	(59,282)		\$ 3,800			
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	63,509	4,953		4,953						
Total Child Nutrition Cluster					4,953		60,435	(59,282)		3,800			
Total U.S. Department of Agriculture					(4,896)		97,441	(100,943)		3,800	5,194		
Special Revenue Fund:													
U.S. Department of Education													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010A	NCLB552016	7/1/15-6/30/16	34,547			34,547	(34,547)					
Title IIA	84.278A	NCLB552016	7/1/15-6/30/16	34,125			34,125	(34,125)					
Total NCLB							68,672	(68,672)					
Special Education Cluster													
I.D.E.A. Part B, Preschool	84.173	PS-5520-16	7/1/15-6/30/16	25,584			25,584	(25,584)					
I.D.E.A. Part B, Basic	84.027	FT-5520-16	7/1/15-6/30/16	544,778			544,778	(544,778)					
I.D.E.A. Part B, Basic	84.027	FT-5520-15	7/1/14-6/30/15	534,330	(4,965)		4,965						
Total Special Education Cluster					(4,965)		575,327	(570,362)					
Total Special Revenue Fund/U.S. Department of Education					(4,965)		643,999	(639,034)					
Total Federal Awards					\$ (9,861)	\$ -0-	\$ 741,440	\$ (739,977)	\$ -0-	\$ 3,800	\$ 5,194	\$ -0-	\$ -0-

N/A: Not Available

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF STATE AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary			Repayment of Prior Years' Balances	Balance 6/30/16			Memo		
				Balance (Accounts Receivable)/ Due to Grantor 06/30/15	Carryover/ (Walkover) Amount	Cash Received		Budgetary Expenditures	GAAP Accounts Receivable	Due to Grantor	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:													
General Fund:													
Categorical Special Education Aid	16-495-034-5120-011	7/1/15 - 6/30/16	\$ 1,591,751			\$ 1,434,574	\$ (1,591,751)				\$ (157,177)	\$ 1,591,751	
Categorical Special Education Aid	15-495-034-5120-011	7/1/14 - 6/30/15	1,591,751	\$ (158,352)		158,352						1,591,751	
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	5,580,975			5,029,881	(5,580,975)				(551,094)	5,580,975	
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	5,580,975	(555,211)		555,211						5,580,975	
Categorical Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	176,840			159,378	(176,840)				(17,462)	176,840	
Categorical Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	176,840	(17,592)		17,592						176,840	
Categorical Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	288,960			260,427	(288,960)				(28,533)	288,960	
Categorical Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	288,960	(28,747)		28,747						288,960	
Additional Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	359,036			323,583	(359,036)				(35,453)	359,036	
Additional Adjustment Aid	15-495-034-5120-085	7/1/14 - 6/30/15	359,036	(35,718)		35,718						359,036	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	22,680			20,440	(22,680)				(2,240)	22,680	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	22,680	(2,256)		2,256						22,680	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	22,680			20,440	(22,680)				(2,240)	22,680	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	22,680	(2,256)		2,256						22,680	
Non-Public Transportation Aid	N/A	7/1/15 - 6/30/16	7,744				(7,744)	\$ (7,744)			(7,744)	7,744	
Non-Public Transportation Aid	N/A	7/1/14 - 6/30/15	9,222	(9,222)		9,222						9,222	
Extraordinary Aid	16-495-034-5120-044	7/1/15 - 6/30/16	383,057				(383,057)		(383,057)		(383,057)	383,057	
Extraordinary Aid	15-100-034-5120-473	7/1/14 - 6/30/15	540,712	(540,712)		540,712						540,712	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15 - 6/30/16	1,359,354			1,294,216	(1,359,354)				(65,138)	1,359,354	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14 - 6/30/15	1,272,107	(62,981)		62,981						1,272,107	
Homeless Tuition Reimbursement	N/A	7/1/15 - 6/30/16	20,693				(20,693)		(20,693)		(20,693)	20,693	
Total General Fund				(1,413,047)		9,955,986	(9,813,770)		(476,632)		(1,270,831)	19,678,733	
Total NJ Department of Education				(1,413,047)		9,955,986	(9,813,770)		(476,632)		(1,270,831)	19,678,733	
New Jersey Department of Agriculture:													
Food Service Fund:													
State School Lunch Program (State Share)	16-100-010-3350-023	7/1/15- 6/30/16	3,981			3,726	(3,981)		(255)		(255)	3,981	
State School Lunch Program (State Share)	15-100-010-3350-023	7/1/14- 6/30/15	4,514	(474)		474						4,514	
Total NJ Department of Agriculture				(474)		4,200	(3,981)		(255)		(255)	8,495	
NJ Schools Development Authority:													
New School and various improvements	5520-various	7/1/03-6/30/06	6,871,136	(1,399,064)					(1,399,064)		(1,399,064)	6,871,136	
Asbestos Removal Middle School	5520-035-03-0772	7/1/04-6/30/07	179,120	(29,892)					(29,892)		(29,892)	146,659	
Security Projects - All Schools	5520-030-14-1003, 1004, 1006, 1007	7/1/13-6/30/15	471,599	(394,772)			(66,730)		(471,599)		(471,599)	471,599	
HVAC Project - Flocktown	5520-030-13-2002	7/1/13-6/30/15	518,800	(495,540)		415,040	(23,260)		(103,760)		(112,233)	518,800	
Roof Replacement Old Farmer's Road School	5520-040-13-4001	7/1/13-6/30/15	415,890	(318,733)		320,367	(1,634)					320,367	
Air Conditioning Project Old Farmer's Road School	5520-040-14-1005	7/1/13-6/30/15	39,992	(13,098)			(22,702)		(35,800)		(35,800)	35,800	
Total Schools Development Authority				(2,651,099)		735,407	(114,326)		(2,040,115)		(2,048,588)	8,558,717	
Total State Awards				\$ (4,064,620)	\$ -0-	\$ 10,695,593	\$ (9,932,077)	\$ -0-	\$ (2,517,002)	\$ -0-	\$ -0-	\$ (3,319,674)	\$ 28,245,945

N/A Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Washington Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the 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") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. The bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,933 for the general fund and \$101,349 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects fund. The schedule of expenditures of state awards does not include the on-behalf pension and Post Retirement Medical Benefit Contributions of \$1,436,881 and \$1,710,929 respectively.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 13,080,202	\$13,080,202
Special Revenue Fund	\$ 639,034		639,034
Capital Projects Fund		114,326	114,326
Food Service Fund	100,943	3,968	104,911
Total Awards	<u>\$ 739,977</u>	<u>\$ 13,198,496</u>	<u>\$13,938,473</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has several grants awarded in the amount of \$8,317,417 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, \$8,558,717 has been expended and \$6,510,129 has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 5,580,975	\$ 5,580,975
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	176,840	176,840
Categorical Special Education Aid	16-495-034-5120-011	7/1/15-6/30/16	1,591,751	1,591,751
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	359,036	359,036
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	22,680	22,680
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	22,680	22,680
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,359,354	1,359,354

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk auditee" for state programs.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year recommendations.